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THE CHALLENGE OF THE FUTURE.

PAN-GERMANISM.

THE CHALLENGE OF THE FUTURE

THE CHALLENGE OF THE FUTURE

A STUDY IN AMERICAN FOREIGN POLICY

BY

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Let us raise a standard to which the wise and honest can repair
George Washington

BOSTON AND NEW YORK
HOUGHTON MIFFLIN COMPANY
The Riverside Press Cambridge
1916

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Published March 1916

TO

THREE STURDY FRIENDS AND TRUE

MY BROTHERS

PREFACE

My title perhaps requires definition. By *challenge* I mean to call to account, to ask an explanation of; by *future*, I mean our own posterity. Inevitably we must appear at the bar of posterity and answer the challenge of the future by giving an account of our stewardship of American interests. "Upon this moment of time hangs all eternity"; upon our decisions unquestionably depend the liberty and prosperity of our posterity. The point of view is all essential: do we act for ourselves alone in preparation for such difficulties as are at present imperative or shall we envisage the distant future as the true objective of American policy and ideals? I do not hesitate to adhere to the latter alternative as the only course of which the wise and honest can approve. Protected ourselves by subtle and peculiar forces not within our own control, we must realize that every probability points to their disappearance in the near future, and that we must prepare for later generations some adequate substitute, preferably within their control. We may die unto ourselves, but we must live for posterity.

This book is not a forecast of what American for-

eign policy will be, still less a prophecy of coming events, but an essay in expediency. It describes what seems to me the policy most consistent with itself, that most expedient in view of our economic disabilities and our comparatively disorganized administrative and industrial fabrics, that most feasible in the light of European interests and ambitions. It is, I hope, impartial and nonpartisan, not exalting as expedient what coincides with our passions or prejudices, but seeking to develop a policy by a consistent application to the problems before us of the fundamental postulates and logic of history, political science, and political economy. The number of idealistic forecasts of the future, the strength and variety of the prejudices now existent in all countries, the very fact of this apparently irreconcilable clash of ideals, interests, and prejudgments, should prove the futility of books that seek to play upon the emotions.

Nothing except a disinterested study of American conditions and European ambitions; nothing short of an unsparing analysis of our weaknesses, economic, administrative, and military; nothing less than a willingness to accept as postulates the psychology of the European and the American public mind as we know them to exist, can provide fundamental postulates that will bear the test of adoption. If we believe that reason differentiates

man from the animals, and that a conscious application of his intelligence and judgment to the problems of existence has produced such progress as has been made in civilization, we must agree that a livable solution of immediate issues and the hope of permanent peace can proceed only from a dispassionate analysis of forces and factors in the light of what scientific research supposes to be reason and truth. Passionate desire for good, like blind prejudice, in refusing to accept the results of reason and analysis, declines to use the only prop which has sustained man in his slow evolution out of barbarism. Experience tells me, however, that those who dislike my conclusions will justify their disagreement by denying the accuracy of the history and the cogency of the logic by which they are established. Every one has some postulates of belief too firmly embedded in emotions, interests, or traditions, to be shaken by mere reason or logic.

In my effort to simplify, emphasize, and correlate, I am aware that I have created a picture more definite, clear, and one-sided than the situation warrants. Truth to tell, our dangers should not be painted black, nor our hopes white; our possible adversaries are not entirely actuated by ambition and greed, nor are we ourselves made in the image of angels. A true picture would be a rather confused blur of different shades of gray,

which melt into one another with here a shadow and there a streak of white. But the attempt to represent such values, to qualify, to discuss opposing views, and provide in footnotes some indication of the extent and variety of the critical investigations on which the book is based, threatened to double its size without convincingly accomplishing any of these desirable ends. It seemed better not to risk the loss of clarity and emphasis for the sake of an academic accuracy of statement and a critical apparatus too brief to be made intelligible to the layman or rendered convincing to the expert.

After deliberation, it seemed doubtful whether any critical apparatus could render the main propositions more plausible. If my readers quarrel with my interpretation of economic history, with my idea of European ambitions, of the comparative economic development of this country and Great Britain, or with my notions of logic, impartiality, and truth, neither footnotes, authorities, nor qualifications will put us *en rapport.* The logical structure of the book must be its own justification.

I hope, however, that my attempt to attain clarity, and to emphasize certain views and factors, will not lead the reader to conclude that I am claiming any certainty of knowledge that the events described will happen or the policies

advocated will be adopted. I disclaim with what vehemence there is in me any attempt to prophesy or predict or vaticinate in the vulgar sense of the words. I make no claim to read the stars, to communicate with spirits, or to draw upon the occult for information. The forecaster is an investigator, an analyst, a seeker for tentative probabilities, and utilizes merely the premises and logic of science. Indeed, my real aim has been to show what the result is of a strict application to the present situation of the premises established through a study of the past, by means of a critical method as dispassionate and thorough as I should use in analyzing foreign policy in the sixteenth century.

Washington University, St. Louis,
January, 1916.

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THE CHALLENGE OF THE FUTURE

CHAPTER I

ON BELIEVING THE INCREDIBLE

The immediate danger to the safety and future prosperity of this country lies in the unwillingness of the American people to believe the incredible. They feel that no nation flaunts aggressive policies before us nor sighs for empires to conquer in the Western Hemisphere. Our national integrity and political independence are not visibly threatened; the persistence of our institutions is not a matter of doubt; the location of a new European state in America seems to be a chimera; and the colonization of the Pacific coast by the Japanese is apparently a figment of the imagination. How, then, can we be in danger if no nations intend to assail us and if we ourselves cherish no aggressive policies?

Is not the present European war, where nation is arrayed against nation, each ardent in its own defense, a product of delusion and insanity?

Is not such a paradox incredible because defense is unthinkable without aggression? It is, moreover, difficult for many to believe that a population decimated and impoverished by the present war will be capable for generations of anything but recuperation and the binding of the wounds of war. Will not this fact alone render danger to the United States incredible for half a century? As for an inevitable clash, most find it impossible to believe that anything subject to human will can be inevitable. Whence comes this prescience that tells of a future danger which no concessions can avert and which no change of policy on the part of the aggressor may alter? There are no forces the working of which can be so definitely predicted as to be called inevitable. Thus argue the multitude.

Yet it will be necessary to establish in the course of this argument that the fundamental interests of the United States are, from the point of view of foreign policy, neither its integrity nor its political independence. We shall require for the defense of our interests the exertion of a force of which we are not ourselves at present capable. Preparedness we must at once undertake, but armament will be its least important element. To many, such contentions will seem equivalent to our defense from an invisible danger by the might of an intangible force.

To most individuals the normal spells merely the accustomed, the familiar. The incredible is the unexpected, the unintelligible, and into that category passes rapidly everything not readily explained or justified by our mental premises. The incredible is also the unwelcome, the unacceptable, the unpalatable. From the strength of our desire to compass some end results a repulsion from everything contrary or inimical to it: the general popular belief in all European countries of the incredibility of defeat is nothing but the visualization of their own fierce desire for victory. In the incredible we see face to face, though often as through a veil, darkly, the limitations of our own knowledge, the restrictions of our own point of view. Like most moral judgments it reproduces not the situation, but our own mental condition. Our view of the incredible will be as broad as our mental horizon is narrow; our notion of the impossible will be as wide as our ignorance is deep.

It is with the incredible rather than with powers and principalities, with our own ignorance of possibilities and realities in the modern world, that we must contend. The extent of our present incredulity has nourished a sense of security at the expense of a proportionately tremendous reaction when enlightenment dawns. Panic has become possible, hysteria will enter in at the

door a welcome guest, and those hasty and impolitic actions, whose lack of consonance with national interests and national honor will only too likely appear at some future day, are already imminent possibilities. From such moments of panic and disillusionment as seem to be dawning for the American people many fruitless and unnecessary wars have sprung. The jingo and the militarist are bad neighbors, but not as dangerous as their cousin — the man who refuses to believe danger a possibility, to believe that what seems incredible to him may happen after all, to see that his own information and intelligence may be too limited to embrace the real possibilities.

The cause of this national incredulity is found in the failure of our previous habits of national thought to elucidate the international situation. We have not been accustomed in this country, by and large, to thinking in international terms, to estimating international conduct by international interests, to judging European issues from an accurate knowledge of European history. We have, therefore, as a nation failed to comprehend the subtlety of modern issues of economic aggression and political relationship. Our own true economic disabilities have been hidden from us and their intimate connection with the slings and arrows that assail us has not been

understood. The insoluble paradox of the nations at war, each in its own defense against unprovoked aggression, is the result of an attempt to interpret the present conflict in the terms of a type of warfare long since abandoned as impossible and repellent by all civilized nations. In truth, war in the crude sense of a war of aggression and conquest is obsolete and unthinkable; with it passed into oblivion the old problems of defense against unprovoked aggression. Such issues are not before the American people to-day, nor is this the type of danger for which preparedness must be invoked. Its obsolescence does not, however, demonstrate the unreality of another type of aggressive action nor of those modern policies and ambitions with which indeed the issue of preparedness for the United States is interpenetrated.

There are, too, inevitable forces in modern life — the economic factors in modern industry and commerce — the normal working of which in peace and war has been definitely established by observation. Given certain factors and certain events, the economic reaction can be truly termed inevitable. With the subtlety and complexity of this international economic structure the American people must familiarize themselves, for our true perils and deeper needs lie in our own economic disabilities and are not dangers

which result primarily from the hostile intentions of foreign nations nor from the operation of factors which they control. It has frequently been possible to convince great bodies of men that the evils from which they suffer have permanent economic causes, but the histories of past centuries are sorry tales of man's attempt to offset these disabilities by legislation and forcible schemes of readjustment. When nations learn that so many years must elapse before the permanent working of economic forces can readjust the situation in their favor, they are always inclined to deny the accuracy of an analysis of the situation which predicts such continued disaster. If war grows in the future out of the economic disabilities of the United States, as it has in the past, it will be largely because the public mind in America, misunderstanding our own true interests and the fundamental nature of our difficulties, insists, as in 1812, upon an attempt to remedy by force apparently simple manifestations of fundamental disabilities, rooted in economic and geographical phenomena over which human agencies exercise no direct control.

From this failure to think in international terms has come naturally an inability correctly to estimate relative international values. It has long been the fashion to regard whatever we

possessed as the biggest and best; our swelling granaries and our humming factories have given us a very real sense of power; the area of the country and size of its population indicate a potential military strength as vast as that possessed by the largest European nation and greater than that of most of the strongest powers. No true American has ever doubted the magnitude of our national possibilities. Few have failed to assume that, what we might be, we already were. Harmless enough in domestic relations, the indirect effect upon American notions of international status has been deplorable and dangerous. It has fostered an idea of our equality with European powers of the first rank which the latter have never admitted.[1] We have so often been told in recent months that the United States is already the strongest financial power in the world that the public mind believes us indispensable to Europe and feels that economic pressure alone will enable us to extort from her bleeding and exhausted nations everything we may desire. Repeatedly we have launched "the

[1] The theoretical equality freely accorded to all nominally independent states is not here alluded to; but a degree of importance in the international scale similar to that which France, Germany, and Great Britain, for instance, concede to each other's organized force. We are not one of the few who are necessarily consulted before action becomes possible; we are not yet a member of the Concert of Europe. Our equality is theoretical and potential rather than actual. The diplomatic difficulties of the last year are the most convincing proof.

largest battleship in the world," and the popular notion of the strength and size of our navy is, therefore, different from European estimates of its efficiency and importance. Nor have some failed to preen themselves in the belief that so powerful and wealthy a people are invincible and may defy the world at will.

Both pacifists and militarists have been laboring to prove to us inaccurate postulates about international affairs. To most people proof that the militarists are wrong is evidence that the pacifists are right. Unfortunately, while the premises of most of these propagandists will not bear inspection, their zeal and unquestioned sincerity have done great harm by leading the public mind to accept ideas dangerous because fallacious. The militarist perils are largely the work of the imagination and are so easily disposed of that the very real dangers of the country are passed over and neglected. Pacifists are so ardently convinced that the people need merely to be made aware of their belief in peace that important factors of the situation are either distorted or omitted.

If the outbreak of the European war demonstrated one thing more completely than another, it was the folly of expecting a solution of serious international problems by disinterested conduct on the part of European nations. It is quite clear

that they do not in the least intend to accord the interests of others that same degree of consideration which they extend to their own. Nor will we be wise to rely upon a lack of adequate motive to prevent aggressive action detrimental to our interests, nor place dependence upon the fact that aggression against the United States or South America might not be consonant with the true interests of the aggressor. The sufferings of Belgium are the only necessary evidence to demonstrate that a lack of provocation is no guarantee against disaster. It will be idle to look for protection to the assumed inability of armed force to produce results of significance. Adequate motives, the futility of force, are relative terms, and the aggressor's notion of truth and not our perception of it will govern his conduct. Our opinion that his true interests are not threatened by our policies nor advanced by his aggression will avail nothing.

European policies we must accept as European nations define them. What they believe to be their intentions will be of great consequence to us; what their intentions ought to be is of no importance at all. We must accept as the premises of thought toward an American policy the European verdict that there are at stake in this war important issues which fighting is needed to settle and which suffer-

ing is justified to attain; that force is not futile to achieve things of true moment; that there are differences between nations not susceptible of easy settlement by diplomacy or by international courts. We must at least seek to comprehend something of the scorn and derision with which they reject that pacifist explanation of the present crisis as the work of politicians and armament makers who have furthered their own financial interests by dragging into war innocent but ignorant peoples. No European believes that the European nations are as lacking in judgment or as easily influenced as such an idea assumes.

Above all, if we seek to solve our present problems by applying to them the older premises of American thought, we shall merely prove that all we see around us is incredible and that what we are told to fear is impossible. Until we rid ourselves of such preconceptions we shall be in the state of mind of the old farmer who inspected the camel in the menagerie with great care and deliberation and then declared with vigor: "There ain't no such animal." The premises which many supposedly intelligent people in this country apply to the international situation are as rudimentary as those of the farmer. There is still a prevailing notion that our geographical isolation and the great size of our

country render us invulnerable.[1] We are in fact the most completely vulnerable country to-day of any large power in the world. Tradition has inculcated a belief, still active, that we may remain isolated from the strife and emulation of Europe if we so wish. It is no more within our power to sever ourselves from contact with European nations than it is to sever the head from the body without destroying life. Preparedness many believe can be postponed until the danger is visible: the experience of the Revolution and of the Civil War convince them of the safety of this expedient. Modern warfare, however, is of such a character that preparedness cannot be extemporized. Unless completed on the necessary scale before the crisis arises, it cannot be achieved at all. Another fallacious but popular concept is the belief that we can continue to

[1] I have assumed the truth of certain negative propositions which I have already discussed at length in *Pan-Americanism:* that geography has not made us invulnerable against modern armies; that European nations do possess conceivable (not necessarily probable) motives for aggression and invasion of the United States; that united action of the republics of North and South America in defense of the Western Hemisphere is improbable and a closer relation between them than either has with Europe contrary to the interests of both. In that same volume I also discussed at length the strategic position of the United States, the history of our relations with Europe, the character of British sea power, the nature of present European ambitions, political, economic, and social conditions in Latin America, and their relation to the United States and to Europe. Where necessary I have restated my conclusions on these points, which, in substance, I still believe accord with the evidence of history and with the events of the last year.

increase our population and develop our resources at the maximum speed with a continuation of the present rate of profit and yet not menace or disturb the prosperity of other countries. Indeed some suppose that, if we could only exclude European influence and devote ourselves to the development of the United States itself, unparalleled prosperity would result. It is incredible to some that others should hold these fallacies.

Nor can our national problems be longer solved — if indeed they ever have been — by following the inconsistent and confused precedents and traditions of past diplomacy. A consistent and clear foreign policy we seem never to have had; a certain continuity of effort is indeed visible, due rather to the insistence of certain problems than to any attempt at a consistent solution of a long-standing evil. First and foremost we believe ourselves to have been a non-military people and to have been as a nation definitely pacific in disposition, yet we cherish as a people the Monroe Doctrine, whose popular interpretation assumes our readiness to fight European nations who propose to extend their territory or influence in the Western Hemisphere. If we declare that we do not propose to fight when it is challenged, it will be a peculiarly empty policy to maintain. We have long cherished the tradition of non-interference in Eu-

ropean politics, and yet we have taken possession within the last generation of at least three strategic points of value to European nations. The very fact of possession was in itself a radical departure from the policy of isolation.

Our protestations of brotherhood and amity for Latin America radically conflict, to the thought of Europeans and Latin Americans, with our conduct in the Mexican War of 1846, in the formation of the Panama Republic, and more recently in Hayti. Whichever attitude we finally adopt toward Latin America, one of arrogant hostility or one of peace and friendship, we shall find in the past ample precedent for both. We have enunciated a policy of free trade and the Open Door with Asiatic nations and have concluded treaties with them in terms essentially the same as those which we have accorded the great European powers. To the citizens of these same nations we have denied equality in this country, have enacted exclusion laws, and denominated them undesirable. Several States have now followed the example of California and have denied the Japanese by statute the privilege of owning land.

For each phase of this astonishing array of contradictory policies ample precedent exists. Any of them will somewhat further certain interests of the United States or its citizens; for all

of them plausible motives of high morality can be alleged. There seems in truth to be in this variety of alternatives none which is wholly good or wholly bad, entirely against our interests or entirely in favor of them. Unfortunately there seems to be nothing from which it cannot be plausibly argued that we have something to gain and nothing from which it cannot be reasonably alleged that we have something to lose. But all our existing national interests cannot be furthered at the same time, nor can the ideas or proclivities of all individual citizens be advanced by the policy of our Government.

The fundamental outlines of policy the American people must determine. While obviously one hundred millions of people cannot be expected literally to apply a foreign policy to the actual solution of dangerous crises, the citizens of a great democracy must at least comprehend and ratify those fundamental postulates by which in the long run all decisions are governed. If we are ourselves to reach those significant conclusions about the country's future which the governments of Europe have in the main formulated for their people, the nation must soon attain a thorough knowledge of the international situation and define, after careful reflection, the ends to be achieved and the interests to be furthered. Only thus can the people rule. If a few

think for the many, the few will rule in the nation's name. Only when the fundamental objects of a foreign policy are understood and approved by the nation at large, acting in its national capacity, will democracy as a form of government cease to be itself a source of grave peril in international affairs. Our democracy has abundantly justified itself as a method of advancing and protecting the interests of individuals, as a shield for the development of individual ideals, as a process for hurrying the untutored and ignorant along the paths of education and citizenship; it has yet to demonstrate its ability to think in terms of the community, of the nation, and of the world.

If we can adjust our policies to international forces and factors, can so transform our administrative and industrial fabric as to render the United States the peer in fact of great European powers, our national prosperity will be assured and our future as a potent member of the concert of nations will become definite beyond dispute. We have yet to convince the Europeans that we are more than an international possibility, great perhaps in the promise of unmatched strength and illimitable intelligence, but yet to live as a people, yet to attain as a nation.

We shall be pitted against people "hardened into the bone" of patriotism by sharing each

other's crusts in moments of national despair and humiliation, welded together by the flames of conquest and destruction, unified by such spontaneous outbursts as thrilled England after the Armada, France after Austerlitz, and Germany after Sedan. Armies and navies are to-day merely the hands and arms of a potent national frame, directed by the complex corporate brain and sustained in danger by the patriotism of the corporate soul. With such spiritual entities, armed by suffering with wisdom and cunning, inured of old to the fierceness of competition, buoyed up in despair by the thought of past greatness, restrained in exaltation by a prudence born of experience — with these, rather than with battleships and armies, must we contend. Our own corporate strength must compare with that of others; the keenness and capability of our corporate intelligence must match theirs; the loyalty and self-sacrifice of our national soul must equal theirs.

In last analysis, the future depends upon the brain and heart of this nation. On all sides of us stand the raw physical material ready to our hand for the creation of a noble structure of surpassing strength. Factories and battleships, armies and executive commissions we can create in any necessary number. The future depends upon our ability to use them, upon our capacity

as a people to think adequately, to judge wisely, to anticipate correctly, to act calmly. As an aggregation of individuals we have lived ably and become prosperous; we have now to achieve as a nation in the broadest sense, to become conscious of ourselves not as members of a body politic, but as indispensable parts of a great corporate entity in whose greater interests our individual desires merge. We must formulate as a nation some concrete expression of American ideals and aspirations, of American interests and needs in their relation to European policies and ambitions. No restatement of the older premises, no fumbling among past precedents, no patching of older policies, will answer the challenge of the future. Only a rigid reëxamination of the premises of American life, of American ideals, and of their relation to international problems can produce that policy, at once adequate, just, magnanimous, consonant with our interests, and founded upon the high concepts of humanity and international law, which the American people have at heart.

In the early days of the Revolution, when the formulation of policies was under discussion, George Washington gave utterance to one of those eternal pronouncements fit to become the watchword of intelligent men: "Let us raise a standard to which the wise and honest can re-

pair." Only a policy which shall deserve the approval of tried intelligence and of unimpeachable probity can meet the necessary requirements of our national future. By these measuring rods we shall separate the wheat from the chaff, the true from the false. Rigorously we must exclude all inconsistent with them. Consistency will be paramount: if we decide to abandon armament for aggression, we must renounce the Monroe Doctrine; if we determine to exclude the Oriental, we must give up hope of abnormal privileges in the Far East. The equitable must be our aim and what is consonant with justice, honor, and humanity. All must pass the test of expediency, must conform strictly to conditions as the best scholarship of Europe and America declares them to be. Above all we must limit ourselves to the attainment of what it is possible for us to achieve in our present stage of economic development. With regret, but without repining, we must accept those economic disabilities for which others are not to blame and which we are powerless to alter. The limitations which our strategic position, our political fabric, our industrial development place upon us must become postulates of that new and greater policy which the wise will approve and to which the honest can subscribe.

CHAPTER II

THE APPROACHING PERIL

NEITHER our political independence nor our territorial integrity is in danger, yet there is a peril, drawing inevitably nearer as the European war passes from phase to phase, which does endanger in the most literal sense our future prosperity and which may fairly be deemed not only inevitable but inescapable. Against it armies and navies are impotent, because it is not itself the product of armed conquest. Against it diplomatic notes will not avail, for it is not the result of governmental policies nor of broad schemes of aggression consciously adopted and relentlessly pursued. Arbitration cannot avert it nor international tribunals reach after deliberation an equitable decision upon such conflicts of interests or claims. This danger is in fact the result of a series of economic developments, for the creation of which no individual or government is in any sense responsible, the operation of which is in the most absolute sense impersonal, and which in some way and to some degree affect all nations. The economic phenomena in question have always existed, ap-

parently will continue to exist, and are as little susceptible of direct control or manipulation by human agencies as the forces of nature. They may be utilized and modified; their worst results may by careful study and effort be minimized; but, to destroy them, powers and principalities are impotent and the fabled strength of giants and elfrics without avail.

This approaching peril threatens nothing less than our degree of profit in business, our desire to trade at will in the most favorable markets, our ability to expand our industrial fabric at the maximum rate. It is economic, contingent, impersonal, indirect. It is nothing more recondite but nothing less serious than the normal working of normal economic forces which, because of our economic inferiority, act invariably to our disadvantage and in favor of European nations. Positive losses we shall suffer; entirely tangible difficulties will rise in the path of American merchants; opportunities to develop our trade in certain quarters we shall in some apparently mysterious manner be unable to obtain. Not only is this danger inevitable and inescapable; it is in the highest degree serious and will not unlikely in coming years affect adversely the prosperity and happiness of every man, woman, and child in the United States of America.

In the economic problems of undeveloped coun-

tries lie those difficulties which are likely to be most vital to the United States. Between countries of approximately the same development, where the industrial organization has progressed to that advanced stage reached by most of the more prominent nations in Europe and by the United States, normal trade takes place by the actual exchange of commodities. Money, credit, finance, in the ordinary sense of the words, are merely media by which this exchange between nations is executed by individuals and the amount bought or sold apportioned to those who are to receive the actual goods. In the long run all international trade is based upon this exchange of commodities and will, of course, depend for its profit not only upon the ability of the countries concerned to exchange an equal value in goods, but upon their ability to utilize themselves the greater part of what they procure from other nations. Between highly developed countries the great bulk of the trade is governed by the laws of demand and supply and admits of no interference by armed force, which does not damage the aggressor almost as much as his victim. As Mr. Angell has ably shown — a fact not disputed by reputable students of political economy — military force cannot profitably interfere in normal cases with the ordinary working of economic factors.

Very little of the trade of undeveloped countries rests upon this normal economic foundation of mutual exchange, where the one country produces what the other wishes to buy and takes in exchange what it can itself utilize. The great bulk of the trade of such countries rests upon an abnormal basis and is largely the result of artificial stimulation, the chief object of which is to hasten the normal rate of growth and to produce an abnormal profit as well as an abnormal output. To such a situation the ordinary economic logic, applicable to the conditions in the more advanced countries, does not apply. The secret lies in the removal of the great bulk of the trade in undeveloped countries from the sphere of competitive business by a means so simple and yet so effective as to escape at times the notice of expert observers. The investment of capital and the right to exact political and financial stipulations concerning its safety has been at the root of the commercial power of the great European nations in the undeveloped countries of the globe. Once that right attained, all other privileges, open and avowed, become unnecessary and even undesirable.

When an undeveloped country borrows capital, it does not of course borrow money, for railroads, factories, and mines are not constructed with money. It borrows the commodities which

it does not possess, the necessary skilled labor and the tools with which to transform its own crude resources. Capital is normally lent in the shape of exports from the creditor country, for the simple reason that in no other way can that amount of value be passed from one nation to another. International trade is an exchange of commodities. The borrowers, therefore, undertake to return to the investors the annual interest and eventually the capital sum by the export of an amount of goods each year equivalent to the total interest charges and such capital payments as may fall due. For such a time as the debt remains uncanceled this sum in exports must flow each year to the creditor country or the debt will be dishonored. For such a period, too, that proportion of the trade of the newer country is in the strictest sense hypothecated. New investments of capital will of course increase the proportion of the debtor country's produce, the destination of which is annually agreed upon in advance.

The merchants of other nations cannot obtain a share of a trade thus founded merely by competitive selling based upon a superior quality of goods or upon price cutting. The debtor country has definitely agreed to send part of its goods to the creditor country and has no right to expend that proportion of its total output. To

insure its strict and prompt performance of its promises, to foreclose pressure by undue influence or military or naval operations undertaken by rival European nations anxious in their own interests to interfere with this hypothecation, the creditor nations have reserved the right to use their own political and military strength to maintain the property rights of their citizens. So long as such forcible means sustain the arrangements already made, the only part of the country's trade open to competitive business will be that portion based upon the profits annually made by the natives over and above what they pay to the creditor country for the use of its capital. This will always be a relatively small proportion of the total trade. On this basis are nearly all non-European markets, and all are therefore practically closed to competitive business.[1]

[1] The situation precludes competition between merchants of different countries, not between merchants of the creditor nation. So far as the latter are concerned, trade will be governed by the rules of competitive business, except in so far as personal and political connections may give certain citizens of the creditor country a preference over others. Throughout this book, I have tried to bear in mind the fact that the postulates of political economy as elaborated by theorists are ordinarily based upon two definite, though implicit, suppositions: that the individual is the unit whose interests and actions are to be analyzed; and that his interests are to be discussed upon the supposition that he is living in a highly developed country under what we assume to be normal conditions of peace. All theorists recognize fully what important modifications any change in these postulates must introduce, and the earlier writers attempted to indicate somewhat their extent and nature.

Upon this basis rests in the main our trade with the islands in the Gulf of Mexico and with Central America. Its establishment in the last decade and a half has been due to that same sort of economic penetration, protected and encouraged by potential military interference, which explains the commercial privileges of great European nations in Africa and Asia. Capital was invested in large amounts, concessions were obtained on favorable terms, treaties and arrangements diplomatic, financial, and administrative were completed with many of the republics, and gave American citizens an artificial advantage which resulted in an extension of trade so rapid as practically to draw into the hands of American citizens within a single decade the major part of the business of Central America and the Gulf.

By far the greatest amount of American trade with South America is based upon even more thoroughly artificial and abnormal conditions.

Recent students have confined their speculations more and more to what they believe to be the most important manifestations of economic phenomena in developed countries, partly because the material for study is greater in bulk and more reliable, partly because they rightly feel that something approaching agreement must be reached by students upon the main propositions concerning developed nations before qualifications and modifications applying to less advanced nations can be safely introduced. Eminently wise as this decision is from a theoretical point of view, students of contemporary history cannot postpone thought until that day shall dawn. We must do the best we can to make allowances.

Upon the outbreak of the present European war the exports of Germany to Latin America abruptly terminated and the normal payments made to German investors by the South American merchants could no longer be remitted. The reduction of the normal supply in Great Britain and France, upon which South Americans usually drew heavily, also affected a situation already artificial. Unable to obtain anything like an adequate supply in Europe, having on hand a great quantity of goods which they were unable to forward to the proper destination, the South Americans turned to the United States as a last resource.

The lack of direct financial relations with American banks, the lack of an American merchant marine and the inability to obtain British ships for this trade, the commercial stringency in South America due to the war, all hampered an exchange which might otherwise have reached great dimensions. Nevertheless American trade with South America has increased very largely in the last months and will continue to grow by leaps and bounds the longer the war continues. All but an extremely small share rests upon artificial foundations, in part upon our political influence in Central America and the Gulf of Mexico, in part upon the existence of war in Europe. It will be obvious that the disappear-

ance of either or both will promptly destroy the greater part of our Latin American trade.

There can be no doubt whatever that the termination of the war will inevitably produce a clash between our existing interests in South America and those of European countries. Great Britain and Germany, who are both large creditors, will of course expect the remittance of the overdue payments of interest and capital, the shipment of which the outbreak of the war prevented. To meet this natural demand South Americans must export unusually large shipments to Europe immediately upon the proclamation of peace. Naturally, too, European merchants will desire to resume their former trade, and will also attempt to sell in South America the surplus goods which the economic crisis, the difficulty of exchange, the cost of insurance, and high freights made it unprofitable to ship during the war. For the Latin Americans it will be undoubtedly advantageous to deal once more with Europe, not only because of the fundamental economic relationship due to the great investments of European capital, but also because the European market is more advantageous than ours for the disposal of large amounts of raw produce, and because it is normally a more favorable market in which to buy the manufactured goods which the South Americans desire.

An extraordinary demand in Europe will appear for all types of raw material needed to rebuild the continent in its former splendor. There will be the great market of the future in which high prices will reign; there will be a demand practically without limit. For these great amounts of material Europe will attempt to pay by expanding business to the maximum. Both Europeans and South Americans will find their most advantageous trade with the other. The United States will more nearly hold the relation of South America to Europe than it will approximate the relation of Europe to South America. We too will find it advantageous to sell and buy in Europe rather than in South America. Thus economic forces already in existence, plus those which the termination of the war will undoubtedly set in motion, will cost American merchants a great part of a trade which they now regard with satisfaction and complacency.

Nor should it be forgotten that the present war in Europe is being confessedly fought to retain or to obtain control of rapidly developing and abnormally profitable markets. Its whole purpose is to secure abnormal economic opportunities in countries outside Europe. The Germans in particular are anxious to establish that sort of relationship with some undeveloped country which the English have so long had with

India and Egypt, the French with Morocco and Algiers. Upon it nearly all sane and conservative Germans are agreed the future prosperity and safety of the Empire depends. Nor are the British less determined to retain their hold upon their present markets, nor do they insist less heartily upon the vital importance to Great Britain and her colonies of their ability to keep what they now have.

There is in this process nothing resembling aggression in the crude sense of the word. The economic situation itself will inevitably set the chain in motion. Neither Great Britain nor Germany need announce or adopt any policies whatever, or make in any shape or form anything like an offensive or aggressive movement. They will claim that they are resuming, after the war, a trade which is justly theirs and which they have always had. Indeed no political action by either could very well prevent this loss of American trade, and it is least of all likely that we can ourselves by any exertion of force preserve it. Economic results follow from economic causes and are not in the ordinary sense within the control of human agencies.

Undoubtedly the result will be to limit Americans to those markets where the competition is greatest and the profits least; to exclude them from those markets in which competition is less

keen and the profits greatest. With Europe we may trade upon the basis of competitive business; with South America, Morocco, Egypt, India, and the like, we may exchange such commodities as the fundamental laws of demand and supply permit. They will buy from us those products of which we have a monopoly or which we make better than any other nation in the world; from them we shall buy in turn such commodities or manufactured goods as they practically monopolize; but we shall not sell to them, nor will they normally sell to us, goods which can be bought elsewhere. We shall trade, therefore, in the international market at a disadvantage, for we shall have access only to the least profitable part of the world's trade. In time this will mean a diminution of the rate of business profit in the United States which will tend constantly toward the minimum rate in European countries. Consequently there will be a retardation of the rate of national growth in this country which will tend constantly to become the same as that in the older European countries.

This prospect would be less serious for the United States if it had not been true that our own economic growth has been largely abnormal. We are accustomed to a degree of prosperity, to an amount of worldly comfort and luxury, an abundance of food, greater than Europe itself

has been able to secure. The majority of Americans regard a diminution of what we have had as a calamity of the worst description, and yet the normal operation of economic forces will more and more tend to decrease the rate of progress, to lower the level of wages and values, and alter the general well-being of the individual for the worse. Our present prosperity is dependent upon the continuation of the past rate of development, a growth so astounding, so abnormal, so artificial that it seems hardly possible to predicate its continuance, if only the normal forces of economic life are drawn upon. We can easily house in the United States a population three times as large as we have to-day; unquestionably we can provide these hands with work and these mouths with food; but we cannot for many decades continue to provide the people at present alive with their present wages and continue to supply them at present prices with the same proportionate amount of commodities. The United States can grow indefinitely, but not at the past rate nor with the present degree of prosperity.

Will this sort of a future appeal to the American merchant when the victors insist, after the war, upon the undisturbed operation of natural forces, which militate against the United States and which therefore perpetuate their advantage and our own disadvantage until that distant day when

the slow growth of our economic fabric has made us more nearly independent? Will we accept the danger as impersonal, contingent, and not the result of intentional aggression on the part of European states, or shall we follow their example and denominate such disadvantages peril and demand political and military action to obviate them? The most dangerous feature of the situation — the only true peril in it — lies in the probable unwillingness of the American people to accept it. When normal economic forces — whose operations can be as certainly predicated as the phases of the moon — destroy our swelling trade with South America, the great bulk of the community will hold somebody responsible; and it will be in all likelihood the nation whose merchants acquire the trade. They will obtain it by reason of their country's superior economic position, but it will be difficult to make Americans believe it. Logically the argument will be conclusive. We determine to develop our trade with South America, which we have hitherto neglected; we succeed exceedingly well. Suddenly our trade disappears; it is coincident with the reëntry of Germany or Great Britain into the market. Here will be obviously cause and effect: the British or Germans came and the trade disappeared. Therefore they did it.

Unless American merchants understand the

working of economic forces in the future much better than they have in the past, they will conclude that the trade was snatched from them by unfair means. It is very difficult for an individual who knows his goods to be the same which the South Americans have been buying, the price the same, and the freight the same to believe that there is no wrong dealing when he suddenly finds himself unable, even by economy and price cutting, to compete at all. During the last century there have been many instances in which economic forces have militated against the individual, and in many cases they have destroyed him. He has never been willing to recognize that they were normal or unavoidable and has invariably charged the persons ostensibly connected with his ruin with wickedness and crime. When machinery was first introduced, the old hand workers were convinced that their work was taken from them for the lowest and worst of reasons. The bitterness of many sections of the community toward the trusts and great corporations is extreme. The small producer and distributor believes that his business was destroyed by means which were the reverse of fair, honest, or normal. The labor unions, the socialists, the anarchists, all deny with vehemence the normality or justifiability of existing economic phenomena. Two great nations indeed, the Germans and the Austrians,

seem to believe that their economic backwardness and inferiority are the result of the malevolence of Great Britain, executed by the malicious, though subtle and hypocritical, use of its sea power and political domination.

Here is the true peril approaching: that we shall attempt to accomplish more by force than arms can achieve.

CHAPTER III

THE CONTINGENT DANGER

To suppose that the United States may avoid all cause of offense by retaining possession of what it now holds, to assume that we possess nothing which other nations value, is to nourish a peculiar delusion. If not during the war, then at its close, the seizure of certain properties now in our possession is entirely probable and, if consummated, will be undertaken by certain nations as a measure of defense, to secure possession of strategic positions which they conceive to be essential for the protection of their political independence, territorial integrity, and future liberty. Against us they cherish no aggressive policies; against us they may none the less act in ways which we shall consider aggressive. The contingent risk lies in the probability that we will ourselves undertake the defense of the aggressive positions we now occupy and utilize them to obtain abnormal privileges in undeveloped countries of the type so highly prized in Europe.

The value of the Panama Canal as a commer-

cial highway between the Atlantic and Pacific is too widely appreciated for us to suppose that other nations do not grasp its significance. It offers trade routes to Australia, to India, to Japan shorter than those at present in use through the Suez Canal. Its possessor, by a simple scale of tolls intended to secure advantages for American citizens, can practically control the trade of the western coast of South America. Still, the true significance of the Panama Canal must include its value as a military and naval approach to India and the Far East. Through it the British may approach their own great possessions without danger of attack from German armies in Syria or from Austrian fleets in the Mediterranean; Saloniki and Constantinople lose significance; Persia even becomes less important as a part of the Indian defenses once the Panama Canal has been thrown open to Great Britain's fleet and closed against those of her rivals. In the hands of Germany the great canal will make unnecessary vast measures of invasion and conquest aimed at the overthrow of those defenses so assiduously erected around India by British diplomacy and military art. Once the British fleet is beaten, once the German fleet predominates, even if not supreme, the Panama Canal will open for Germany all the doors of the Pacific and permit the exclusion of her rivals by

forcing them to depend upon less rapid and less safe methods of access. The Panama Canal is an asset; but it is none the less a liability, by reason of its extraordinary value to other nations. If we do not seek to use it in our own interests, other nations will attempt to monopolize it.

The Canal is for the United States an aggressive position of a peculiarly vulnerable type. A defensible position no one can claim it has, for it is separated from the United States by long stretches of land, by long reaches of water, dominated by mountains on the one hand, by islands on the other, none of which we control. The Canal Zone itself is too small, its forts not sufficiently extended to prevent capture by an army landed outside its radius. On either side of the Zone are nations not only small in size, but poverty stricken, disorganized, an easy prey for any European power of the first rank. The approaches by sea have long been in the hands of Great Britain. The Bahama and Bermuda Islands afford practically the only bases for fleet action between the Chesapeake and the Gulf. All American trade between New York, Boston, and the Canal must run that gauntlet. The traditional passage through the West Indies to South America, and to the Canal lies through British possessions in the Windward and Leeward Islands. Trinidad stands at the mouth of the

Amazon; Jamaica controls all the approaches to the Canal from South America, from Cuba, from Mexico, from the United States, and is a basis for fleet action of the very first consequence.

Nor does the fleet of the United States control the ocean approaches. By reason of a tacit understanding with Great Britain the United States has recently enjoyed complete freedom in the use of the waters of the Gulf of Mexico and the Atlantic Ocean. Our fleet has moved with entire liberty wherever it chose, but we need not forget that should the tensity of the European situation release either the British or German fleet from European waters, the temporary nature and permissive character of our own naval tenure of the Gulf may become only too immediately evident. In no sense will we hold the approaches to the Canal until we are ready to defend them against any nation. Upon this consideration is based the recent report of the Navy Board, which recommended for defense a fleet at least as large as the present fleet of Great Britain.

It is the extent of the operations necessarily involved in the maintenance of our ownership which makes apparent the truly aggressive character of our position at Panama. At least a protectorate over the States immediately around the Canal we shall find necessary. Without military control of the land approaches through

Mexico and the Central American States we cannot expect to defend it at all, while a fleet is in preparation of sufficient size to undertake to hold the water approaches against the European power supreme upon the ocean. Then we cannot long tolerate, if we are to control the Canal and its approaches in very fact, the possession by any other nation of the strategic defenses in the Bahamas, the Bermudas, the Windward Islands, and Jamaica. Nor will a mere ability to hold the Canal Zone and the Gulf itself be of real advantage to us unless we can also protect in transit American commerce between the northern Atlantic and the Gulf. Defense of the Canal means in fact a practical annihilation of the political sovereignty of Central America, the decisive interference with the complete control of the Atlantic by the European power supreme upon the sea, and the actual seizure of such positions as interfere with the completeness of our own dispositions for defense by furnishing bases for enemy fleets.

In the Pacific the position of the United States is already decidedly aggressive. The great ocean between Asia and America is strewn with islands along the Asiatic coast, but contains few in mid-ocean. The locations of these numerous islands was until recently of little significance, because the only approaches to the Pacific from Europe

were from Africa and the Mediterranean. The Pacific itself was, so to speak, an untrodden highway; the great commercial routes went around it and not across it. But the projection of the Panama Canal promptly revealed the true strategic significance of the Asiatic approaches. The all-important half-way house for steamers is Hawaii. Guam is the most favorably situated island for fleets and steamers in their further progress across that ocean and has been declared by naval authorities the key of the Pacific. The position of the Japanese islands is unquestionably significant, but below them lie the Philippine Islands, controlling all the approaches between Japan, China, India, and Europe by the old and well-trodden routes, exactly as Guam and Hawaii control all the necessary approaches to Japan by the newer highways across the Pacific.

These islands are indeed the strategic defenses of the United States and of the Panama Canal against invasion from Asia. They are also the strategic defenses of Asia against Europe and the United States, the key of the door to Asia which the white man has so persistently sought to open. In our position the Asiatics read an intention to share in the exploitation of Asia by the white races. Our policy of the Open Door they see as the white man's policy, claiming for

us in Asia the same privileges other white men have, but not claiming similar privileges for the Asiatics in the control of their own trade which all European nations enjoy.

Proof of the aggressive character of the position of the United States, proof of our aggressive intentions lies for Asiatics in an entire lack of intrinsic value in these new possessions. In their undeveloped condition no considerable trade exists, and the character of the inhabitants, the climate, the soil, make improbable the creation in the islands of a sufficiently varied commerce within half a century to justify possession and exploitation. The Philippines are commercially a liability and not an asset. They have cost the United States infinitely more money than the whole value of their trade. Were we, then, foolish enough to pay twenty million dollars and incur expense and responsibility for a possession known to be worthless? Another explanation of our aggressive purposes they see in the foreign situation in 1898. Germany is supposed to have intended the seizure of the islands as a basis for her aggressive policies in the Far East. Great Britain and France, whose privileges in Asia were of course threatened, found themselves at the moment unable to take possession themselves without incurring the danger of war in Europe. Only the United States could seize the islands and

hold them without affording the Germans an opportunity to precipitate at once a struggle for Asiatic commerce and for the possession of the Pacific.

To the thinking of Europeans and most Latin Americans, if the Monroe Doctrine is not an aggressive policy, it lacks purpose.[1] Why we should constantly reassert its importance, if it has no greater significance than we allege, is incomprehensible to Europeans. Very obviously its original purpose no longer exists, and in that sense the policy is obsolete. A European political conquest of South America is improbable, and, even should a European state be erected south of Panama, the United States is too powerful to-day to find its political independence or territorial integrity truly endangered. The old trade between the colonies and the West Indies, so profitable in the eighteenth century and which Monroe was seeking to protect in 1823, disappeared in the following decade and was never revived. If this was the purpose of the Doctrine, the latter is obsolete. The independence of South America is not ascribed in that continent to the protection of the Monroe Doctrine, but to the friendship of Great Britain and the might of her navy. It is idle for us to proclaim our inten-

[1] Usher, *Pan-Americanism*, Book III, contains a detailed discussion of the conclusions in this and following paragraphs.

tion of protecting them from a power who could at any time have conquered them during the last century, whom they regard as their principal benefactor, and whom we are not in the least able to defeat. The notion that they need our assistance, that they are themselves unable to prosecute any necessary measures of defense, they decline to believe. If any or all of these be the meaning of the Doctrine, it is to their thinking not only obsolete, but impertinent.

If we mean, by the Monroe Doctrine, Pan-Americanism — America for Americans, the exclusion of Europeans and European nations as a matter of principle — such a policy is widely believed by responsible men in South America to be utterly contrary to the best interests of all the republics and to be based upon obvious fallacies regarding conditions in Latin America and in the United States. A closer political relationship between the republics of the new world, of which Monroe dreamed, does not exist; the governmental and administrative relationship between the United States, Great Britain, and France is infinitely closer than between the United States and the Latin American republics. Several of their governments we have denied were democracies, and one in particular we have persistently in recent years declined to recognize as an organized government at all. No mutuality

of economic interests exists between the two continents greater than each possesses with Europe.

Nor can social contact, brotherhood, equality be maintained as a possible bond so long as the objection in the United States to the Indian and the negro on the score of blood continues to be as strong and as general as at present. Many Latin Americans are full-blooded Indians; others possess a mixture of negro and Indian blood; few indeed can claim an entirely white lineage. If Pan-Americanism means a closer connection of any kind between the republics of the new world than with Europe, its basis is so clearly artificial, so obviously false and fallacious, so entirely contrary to the best interests of the Latin Americans, that they reject it with unanimity and scorn.

What possible motive then remains to explain the reiteration of the importance of the Monroe Doctrine, to justify the belief of the American people in its necessity? One only, one never mentioned in the United States, one vehemently denied whenever charged — an aggressive policy to secure for the United States, by the extension of our political influence in Central and South America, that abnormal share of the trade of undeveloped countries which we can obviously obtain in no other way. They see in

it the intention of the United States to interfere with the destinies of Latin America in the interests of our own economic future. This at least is intelligible; this at least is possible; this at least is neither obsolete nor fallacious. When every motive alleged is inadequate, when the necessity of the policy is still asserted, what other conclusion is possible?

These numerous aggressive positions and policies are at present completely vulnerable. We hold them by virtue of the tolerance of those whom they threaten. Our present army and navy are admittedly incapable of the simplest operations of defense, and are therefore unable to prevent other nations from seizing such possessions with maximum ease. There seems to be little doubt that our aggression has been tolerated because it was not dangerous. So long as we were unable to utilize the strategic approaches to Asia against the Asiatic, he looked upon our tenure with indifference; so long as the fleet of Great Britain remained supreme, we could be deprived at any time of positions subversive of her interests. Other European nations were not concerned, because the necessity for controlling the seas was the supreme requisite of aggression upon them or of their aggression upon us.

Obviously, should the United States adopt pre-

paredness, the whole situation will be altered. However limited in scope, however moderate the expenditure, however emphatic our protestations of intention to utilize such forces purely for the defense of continental United States, the very adoption of such a policy as the strengthening of armament will raise in the minds of other nations a suspicion of the honesty of our purpose. Discretion will urge them to defend themselves by seizing the posts which threatened them or their interests before our military and naval forces become able to utilize them. Preparedness will instantly lend color to the claim that our purpose is aggressive, just as our possession itself has for years proved the existence of aggressive positions in American hands. Nor will the loss of any or all of these in the least threaten our political independence, our territorial integrity, the prosperity of American business, or our access to the markets of the world. To defend them is to undertake aggression; to attempt their retention is to take from others what they are determined to have.

To secure the final cession by the United States of such aggressive positions or policies an invasion of continental United States is possible. Unquestionably we can be invaded. At present we may be invaded with the maximum ease and safety to the invader. Military authorities are

agreed that several European nations are at present capable of landing in the United States within a few days an army of sufficient size to take possession temporarily of whatever section they desire to dominate. All authorities are agreed that such an invasion could never be extended into conquest by any resources of present nations in Europe. Unless immediate preparedness is within some brief period completed sufficient to withstand the occupation of New York or Boston by a hostile army, we can be compelled to ransom our shores by a cession of the Panama Canal or of the islands in the Pacific or by a specific renunciation of the Monroe Doctrine, demanded by the European powers in the interests of the South American republics. The truth is, the seizure of our extra-continental possessions is extraordinarily simple, but possession will be entirely incapable of extorting from the United States a renunciation of ownership. These positions in no way threaten us and therefore cannot be used to secure from us terms of peace. An attack upon the Panama Canal will be delivered upon the Atlantic coast; an attack upon the Philippines will be aimed at Seattle or San Francisco. At some time or other the conqueror must reckon with the real might of the United States, and he can do so only by invading the continent. War cannot possibly

result from the loss of our present aggressive positions and policies unless we ourselves determine to maintain them. If this be the purpose of preparedness, however, it is not defense, but aggression.

CHAPTER IV

NEUTRAL RIGHTS AND NATIONAL PRESTIGE

The last few months have shown that more extensive privileges in European markets are desirable for American merchants than are advantageous to the Europeans. Should we be tempted in future to insist upon economic concessions or individual privileges which European nations regard as inequitable or unnecessary, we may insensibly be led, as in 1812, to a point where war will seem to be our natural recourse. While the diplomatic utterances of President Wilson have been heartily approved by a large constituency in America, they have excited opposition and distrust abroad. In fact they seem quite clearly to have cost us our national prestige, not, to be sure, a prestige we actually possessed, but one none the less desired. Our diplomats have somehow failed to render our ideals and policies intelligible to Europeans. Indeed it is not enough that what we do and say shall be just, legal, equitable; it must seem so to others. The international prestige of the United States depends not upon our own conviction of honor-

able intentions, of consistent action, of high ideals, but upon the credence other nations repose in our high standards of honor and in our readiness to act justly and equitably.

Our diplomatic policy, the trend of American public opinion, the things we have done and those we have omitted to do, have been in the last year of a nature that most Europeans have declared themselves nonplussed to explain. They have felt us scarcely cognizant of the limitations of our position, nor yet sufficiently informed upon European affairs to approximate a comprehension of the gravity of European issues affected by our diplomatic demands. Where we have charged them with inhumanity and illegal conduct, they have blamed us for ignorance and lack of charity. Apparently we have not been willing to accept European ambitions and interests as existing facts, to estimate their scope, purpose, and justice in European terms, or to realize the inevitability with which all economic phenomena clash by the fact of their existence. We have treated the ambitions of certain nations as unjustifiable, have denominated their methods of warfare murder, and the extension of their economic interests robbery. The necessities of other nations we have been seemingly unable to visualize, nor to appreciate their necessary reaction upon our own interests.

While our diplomatic notes were couched in language customary only in the last communications forwarded between European nations about to appeal to war, our Chief Executive made no secret of the unpreparedness of the country to execute measures of coercion. One phrase — "too proud to fight" — produced on the European mind most unfortunate impressions, while the laudation, by some, of our unpreparedness as a public virtue was supposed in Europe clearly to indicate our belief that European armaments were the result of insanity and of a disregard of the Christian and humane principles on which modern society is believed to rest. If such implications were resented as unwarranted, our policy as a whole was unintelligible. The tenor of our diplomatic notes indicated our intention to demand the utmost extension of American rights, without the slightest ability to pay the price which such an interference with European nations would necessitate, and without any apparent national aim of the first importance to be achieved.

Nor has it seemed to European statesmen that the United States has itself observed those broad tenets of humanity, liberty, and honor which it erected as a standard of conduct for European nations. Such precepts were apparently to regulate their conduct toward us, but

we seemed to base our own conduct toward them upon those very notions of international law and expediency which we decried. The sensitiveness of the American people to the loss of American life Europeans find it difficult to credit on the score of the sentiment aroused by the Lusitania incident; for they know that we ourselves know that many times that number of Americans have been shamefully done to death in Mexico, to whose sufferings and torture the American people and the Administration have been apathetic. Why we should be so aroused over the death by drowning of a comparatively few women and children when American women and children have been violated, tortured, and murdered in Mexico without remark, the Germans cannot grasp.

With our protestations that high ethical motives form the only proper basis of international action, the British have found it difficult to align our demands regarding contraband and the blockade of Germany. We have frankly alleged the loss of profit and the sacrifice of individual interests, while demanding concessions of national import. They feel that we have placed the profits of individuals above the political independence and safety of Great Britain, and claim that the high regard for ethical conceptions which we profess should display itself in a

broad and magnanimous appreciation of the serious crisis in which the British nation is involved.

In regard to arbitration the Europeans find our national attitude incomprehensible. The people at large apparently champion arbitration as a compulsory method for the settlement of disputes between nations, yet, when a change of circumstances had rendered certain treaties detrimental to American interests, large sections of the country have been hostile to the idea of submitting the issue to arbitration. Only with the greatest difficulty was Congress induced to rescind its action in contravention of our treaties with Great Britain; the utmost endeavors of the Federal Government and of other agencies have been entirely unable to prevent the annulling of our treaties with Japan by several of the Western States. The present Administration, the Europeans find, has itself been inconsistent in its policies. While securing the signature of treaties with various nations for compulsory arbitration, the United States has persistently refused to submit to an international tribunal the recent controversies with Great Britain and Germany. Most incomprehensible was this attitude, in view of the fact that the issues in question were precisely that type of quasi-legal and factual problem which had been believed peculiarly susceptible of compromise and adjustment.

With the Mexican policy of the Government has clashed radically its dealings with the tiny republic of Hayti. The United States promptly suppressed by force the democratic movements in Hayti, while persistently refusing to interfere with anarchy in Mexico. Many Latin Americans feel that our attitude toward the latter was rather the result of our inability to coerce so large a state than of any love for democracy or liberty. Did not the President's own policy in Hayti demonstrate it? Idealism alleged by the advocates of Pan-Americanism; the creation of a reign of brotherly love between all the American republics; the acceptance by the United States of the equality of the sister republics in the south, are not consistent with recent American action in the case of the Panama Republic and numerous other issues not commonly remembered in the United States, but fresh to mind in Latin America.

In Europe and Latin America there is a feeling in many quarters that the only possible explanation of recent American diplomacy is to be found in the exigencies of party politics. They feel themselves compelled to choose between such disagreeable alternatives as the lamentable ignorance of American statesmen about plain propositions of fact and law, of international diplomatic usage and comity, and their anima-

tion by some ulterior purpose. They see certain admitted facts — the importance to the Democratic Party of the Irish and German vote, the strength of those nationalities in the pivotal State of New York and in other doubtful States, the desire to conciliate the friends of the Allies, whose votes are also essential to Democratic victory in 1916. Were not the notes to Germany meant to be read by the friends of the Allies and the notes to Great Britain by the Germans and Irish?

Did not the immediate publication of the more important communications before the European Governments could possibly have read them — to say nothing of answering them — prove the intention of the United States Government to influence the opinion of its own people and not to appeal to the reason and equity of the European Governments, to which the notes were ostensibly addressed? If meant in good faith, why did not the Government of the United States wait until the European statesmen could at least have an opportunity to correct misapprehensions and offer explanations or apologies? Then the failure of the United States to maintain such extraordinary communications was hard to explain to European minds. After we had stated in diplomatic language that we should go to war unless our demands were

granted, why, when our demands were plainly refused, did we simply write more notes?

Nor did the issues out of which such serious disagreements grew seem to the Europeans of sufficient intrinsic importance to risk a war for their favorable settlement. They were indeed those duties which the United States Government has normally performed for its citizens in time of peace without attracting attention or provoking remark. Practically all concern individual and not national interests and, from any accurate point of view, are of secondary and not of primary importance; permissive and desirable rather than indispensable; issues for whose advancement it can never become expedient to imperil our national integrity or independence. In part they concern the safety of Americans on the high seas or domiciled in foreign territory, in part rights and privileges are demanded in commercial transactions. Access to an accustomed market is sought, or the right to take advantage of the high prices prevailing in the markets of belligerent nations. Nearly all involve the degree of profit likely to be obtained by American citizens prosecuting some particular business rather than their ability to continue to do business at all.

Other perplexing issues have grown out of the presence in this country of citizens of the bellig-

erent nations who have attempted in various ways to further the interests of their country. Charges have been made of the prosecution of plots by aliens whose object was the interference with the business American citizens were pursuing with European Governments or citizens. It seems probable that certain accidents to factories producing munitions and to ships carrying armament were the result of an intention to cripple the ability of this country to assist certain of the belligerent nations. In particular the rights of aliens in a foreign country and their amenability to its territorial jurisdiction have been insistently raised. There are also in this country large numbers of American citizens of foreign extraction whose natural sympathies for the land of their birth have led to declarations and actions not altogether consistent with their legal status as American citizens.

All of these problems are recurrent and continuing interests which the National Government must always be ready to advance and protect. They are largely the result of the influence upon the commercial world of the telegraph, the railroad, and the steamship, whose advent has so transformed the problems of transportation and communication as to extend the commercial world to the confines of the habitable globe. There is no port in the world to which

American citizens may not and indeed do not penetrate and where their activities and presence do not create problems for the National Government to solve. While it has always been true that many citizens of every State possessed interests outside its borders, there has never been a time in the history of the world when so large a proportion of the population of any nation had so varied and extensive a contact with the rest of the globe as a vast majority of the citizens of all highly developed nations have at present.

Wherever a citizen or his property may be, there American interests requiring protection or advancement are to be found. Some citizens permanently reside in foreign countries and there acquire property. Others residing in the United States establish business with other countries, and their property rights manifestly will differ from natives of those countries. Business transactions between foreigners and American citizens resident at home and abroad create problems of access to other markets, of commercial privileges, all complicated by legal issues of the utmost difficulty. Crimes committed by American citizens on foreign soil must be in some way expiated without exposing the individual to unnecessarily harsh punishment. The status of American citizens as travelers is also not without

its difficulties, while the protection of life and property on the high seas furnishes some of the most difficult problems that the Federal Government has been required to solve for many years.

For the permanent solution of these issues the establishment of broad premises of international law is indispensable, and to that end the United States has persistently advanced contentions whose breadth and significance European statesmen have by no means been sure were appreciated at Washington. In particular the United States has assumed the existence of a definite corpus of international law, to which all nations had consented, by which all were bound, and the breach of which constituted a crime. That a definite body of theoretical notions has been developed by textbook writers and idealists, European statesmen are quite willing to admit; but that any such body of precepts has ever been adopted by common consent and constituted a law of superior obligation, they flatly deny.

International law to them does not deserve the term "law." It is voluntary, fluid, indeterminate, and, while definite precepts have been elaborated by courts of admiralty and by chancelleries, they are extremely precise and are too few in number and too scattering in application

to deserve the name of an international code. In short the United States is demanding the acceptance by Europe of a different notion of international law than has been customarily accepted by European nations. Instead of a mere series of understandings, the recognition of which was in large measure voluntary, we have insisted upon a definite law of superior obligation. This proposal has been invariably rejected in Europe, whenever submitted, as inexpedient and inconsistent with the facts of the situation.

Moreover, the extensions and alterations demanded by the United States in international practice are wide and far-reaching, and of such vital import to all nations that European statesmen hesitate to believe that the deliberations or even agreements of two or three nations can successfully establish such tenets as international practice. In our demands to Germany and Austria in submarine cases the United States practically asserts its jurisdiction over American citizens wherever they are, and proclaims its duty to secure for them such privileges and rights as they enjoy under international law. We have also assumed jurisdiction over German citizens in the United States and have tried them in Federal courts for offenses created by American statutes. The true issue is the nature of in-

ternational private law and the definition of the rights of citizens outside the territorial jurisdiction of their own nation.

The legal status of aliens has never been satisfactorily settled. According to the premises of territorial law, the alien neither has nor can acquire any status without renouncing his previous allegiance. At the same time the mutual advantages to the citizens of all nations of freedom of intercourse, as well as the substantial identity of the existing commercial and criminal codes in most of the larger countries, made it possible for the nations to yield by courtesy privileges which they declined to confer by right. No alien received in any country quite that same opportunity of action which its own citizens possessed, or quite the same rights in its courts, or treatment in criminal matters; he was nevertheless accorded by courtesy what was indispensable. Extraordinary and peculiar instances were dealt with by diplomacy. Commonly in criminal cases the State waived its own jurisdiction over its citizens in favor of the courts of the country in which the crime was committed. The spread of international morality and of the credit system, the inexpediency, obvious to both parties, of disputing the validity of debts and contracts difficult of enforcement by the fact of the different allegiance of the parties, made the

actual cases requiring adjustment few. Yet the very fact that what was received was admittedly a mutual courtesy presumed an absence of right.

The outbreak of the present war resulted promptly in the withdrawal from American citizens of most of these personal and commercial privileges which they had normally enjoyed in Europe as a result of international comity. Where the interests of the belligerent nations coincided with those of our citizens, the latter were protected; where they clashed, the old privileges were promptly rescinded. No explicit action of the foreign governments was necessary, for the privileges were entirely a matter of grace. The United States promptly denied the right of the belligerent nations to deprive American citizens of those privileges of access and of intercourse which they had usually had, alleging that a custom granted in actual fact for so many decades had ceased to be permissive and had become obligatory; had ceased to be a courtesy and had become a right; had ceased to be a national regulation and had become by virtue of the generality of its acceptance a part of international law. None of the belligerent nations was willing to recognize this principle; all admitted the importance of some definition of the status of aliens; none was willing

to concede to aliens as a matter of right any such privileges as aliens had normally possessed as a matter of fact during the last century.

Nowhere in the international situation are there issues so subtle as these; none whose true seriousness and ramifications are so difficult to visualize. When we remember that the Pan-German contention about the vital necessity for markets is in lowest terms merely the comparative and relative privileges of German and British subjects in various parts of the world, we cannot fail to realize to what broad and fundamental propositions a determination to advance the interests of American citizens in Europe may lead us. Nothing less than the national honor and national independence of European nations have been advisably deemed endangered by claims not different in essence from those advanced in our recent diplomatic notes. These immediate issues are by no means small, by no means necessarily permissive or desirable in a limited sense. Outwardly indeed they are unrelated to the graver issues, but so broad and elastic are at present the notions of national defense, so flexible are the ideas of what it is desirable and essential for nations to obtain, that several European countries have after long deliberation decided that interests of this type are indispensable and must be furthered even

at the risk of the national integrity and independence. It is at least an open question whether they will be willing to concede to us voluntarily extensive privileges which they have declined to yield to each other.

CHAPTER V

THE ESSENTIAL MEASURE OF PREPAREDNESS

Not in the fact that American interests are in danger, but in the value to us of these interests lies the essential measure of preparedness. Its true content will be determined, therefore, by policies rather than by armaments, by ends rather than by means. To establish in definite and exact terms the true importance of our threatened interests will be its first step. It is necessary that the South should export its cotton, but that interest is obviously of an entirely different nature from the value to us of the Philippines. To determine the relation of the threatened interests to our fundamental interests will be next essential. Then we must envisage our ability to protect or advance the interests threatened by the use of force. Clearly we must defend the Panama Canal by navies, while we cannot restore to life the people drowned on the Lusitania by any such means. If the interests in danger cannot be protected or advanced by the use of force, are not other means available? If force is to be

used, the value of what we attempt to preserve or to obtain will promptly determine the amount of force necessary for its achievement. In last analysis, preparedness means the deliberate formulation of an American foreign policy, embracing on the one hand a careful definition of American interests and extending on the other to the ideals and aims of American democracy, whose furtherance every true citizen of the United States should have at heart.

Like the history of international relations during the nineteenth century, the issue of preparedness reduces itself to a commentary upon the word defense. Here lies at present the debate between the pacifists and the militarists; here the difference in most diplomatic disputes between nations. In its primary meaning defense connotes simply what it is indispensable for us to retain, and offense that which it is desirable for us to obtain. If in defense we see that which we cannot get along without, we find offense concerned with that which we should like to have. The one is primarily to secure our existence, the other to promote our happiness and prosperity. Yet it is clear that the word offense has passed from the vocabulary of nations. That sort of unprovoked aggression which it has normally denoted in the past is no longer contemplated by any organized body of people against another. Defense there-

fore no longer connotes an attack on what is literally indispensable to national existence, for it would assume the existence of that type of offensive action which has been eliminated. Preparedness will deal with neither one nor the other of these primary meanings.

We have left to discuss only those things which are desirable, but which so clearly involve the happiness and prosperity of each nation as fairly to be enumerated among the things indispensable to its future welfare. These are to-day connoted by the word defense; indeed when defense and offense are opposed to each other they merely indicate the interests of the speaker; what he wishes is defense, what others wish is offense. The term defensive-offensive has been coined to describe this new and subtle definition of defense, intended to justify the advancement of national interests by the prosecution of a new policy and by the attainment of material wealth or territorial possessions not already in the nation's hands. Indeed a large part of the danger with which the international situation is fraught lies in the subtlety of all phases of international relationship, in the resolute exorcising of defense and offense in the cruder senses of the words, in the broadening and deepening of the conception of the national welfare, and consequently of what is involved in its advancement and preservation.

Capable of representation from many points of view, this type of defense is invariably easy to explain and justify to an enlightened and humane people. Against this type of aggression must we prepare. Paradoxically we must defend ourselves by aggression against the defensive measures of others.

The issues which preparedness involves are above all comparative and relative. The value to us of any possession or policy is by no means a definite and positive thing, capable at any one moment of specific and clear statement. It is the ratio between our interests and those of other nations — a variable and not a fixed quantity, constantly changing because the needs, interests, and policies of one nation or the other are constantly shifting. We are dealing with organisms, with societies in process of growth and development, whose requirements and interests will never be identical at different times, nor bear the same relation to each other. If we may give to this much abused term a new primary meaning, the measure of defense lies in the ratio between the value we set upon the policy or possession or interest and its value to the aggressor. This ratio will indicate how much effort he is willing to make to obtain it; at least that amount of effort we must be prepared to make to retain it. The aggressor therefore will decide

the price of its retention and the conditions of the struggle.

It is impossible for us to predetermine the requirements of a defense of American interests without a rigid scrutiny of American ideals in their relation to European and Asiatic national ambitions. Not what we are able to pay, but what the adversary is willing to give will be the measure of defense. To discover the amount we must study his policies and needs and must remember that what he believes to be true will be, for the purpose of action, the same thing as the truth. Where we wish to retain the thing threatened, we shall learn only after a study of our own situation its value as established by the fundamental postulates of American policy. If he rates it more highly than we, we shall be foolish to attempt its retention; it is not worth so much to us. If we rate it more highly than he does, he will be unlikely to attempt to take it from us. In the true sense of the word, a purely defensive issue is not likely to arise today because neither is apt to pay more than he feels the thing is worth, either to get it or to keep it.

The measure of the defensive-offensive, or of defense in its commoner meaning, will always be the ratio between the value we set upon the thing desired and its value to its present posses-

sor; infallibly we shall see from this calculation how much effort will be necessary to obtain the object we have in mind and we shall learn thereby the cost of preparedness. We must always pay the value its possessor sets upon it as an aggressor must always pay, in our own case, the value we set upon it. Below this the cost of preparedness can never sink. It will always vary between this minimum and the maximum price which the aggressor is willing to give; obviously the price will vary with different nations.

Here is the crux of preparedness: it is impossible to deal with a problem of two dimensions in the terms of one. This fallacy is prominent in the propaganda of pacifists and militarists. Each is inclined to assume that policies and possessions have some definite value which we can ascertain and which can therefore be provided for by prudential calculations. As a result, these enthusiasts, many of whom on both sides are honest and public spirited, deal with preparedness as a question of guns, men, money — an issue of economy or extravagance. As a matter of fact the true price of defense is as little within our control as the motion of the heavenly bodies. Until we have clearly analyzed American conditions and needs, the ambitions and policies of European nations, the aims and weaknesses of Asiatic nations, we shall not have even accumulated the material

which can alone tell us the cost of defense. The evaluation of American interests in the light of European and Asiatic ambitions demands the formulation of a definite and constructive American foreign policy.

CHAPTER VI

FUNDAMENTAL AMERICAN INTERESTS

It is not easy to determine those fundamental interests for the defense or maintenance of which an American foreign policy is needed and by the decision of which all lesser problems of policy will be governed. Few will dispute the contention that the maintenance of our independence and the defense and promotion of our economic welfare are fundamental interests. Yet apparently neither needs protection. Our territorial integrity is established upon a basis firmer than that upon which the safety of any European community rests; our political independence threatens no European country, nor would the political control of our continent advance the interests of any European nation or promote the settlement of European quarrels. Our effect upon Europe and Europe's influence upon us must always be indirect. No primary motive exists for the invasion of this country by European nations nor for our invasion of Europe. It must always be questionable whether the extent of the effort will not be greater than the value of the policy at stake.

Our economic welfare seems to many more thoroughly assured by our vast natural resources and the inventive genius of the American people than by any other forces and factors which the world contains. A numerous constituency has therefore concluded that our fundamental interests are too thoroughly assured to make necessary a foreign policy or to require preparedness. We hold already, by the accident of geography and the bounty of nature, all that we are rightly entitled to own.

The fallacy seems to lie in the attempt to formulate American interests in the terms of European diplomacy, to argue from an analogy which does not exist. In European policy an imperative note, always clear, rises from the very present danger to the territorial integrity and political independence of even the greatest powers. By the exigencies and contingencies of the defense of the national integrity and independence all else is measured; when it has been adequately provided for, all is assumed to have been done; when it is threatened, everything is thought to be in danger. In fact the greater in Europe has comprehended the less; the primary interests, once protected, have *ipso facto* promoted most interests merely desirable. No such clear necessity, the reality of which experience has long verified, exists in the United States to cut the es-

sential from the less essential and the unessential. Political independence and economic prosperity are not for us synonymous. Our safety from conquest does not necessarily include our freedom of access to the markets of other nations, nor will our international status necessarily advance the happiness and welfare of individuals. In essence our fundamental interests are the same as those of Europe, but the fundamental factors from the point of view of American policy will be those implicit in European policies, those inherent in European ideals and ambitions, rather than those which the European nations have chosen explicitly to champion. With us the problem of defense will be more difficult because more subtle; less easy of achievement because less obvious; though not less imperative because less tangible.

National independence is fundamentally the right to decide for ourselves what is essential to our honor, our safety, and our prosperity; the right for ourselves and for our descendants in years to come to determine what modifications a change in conditions may make essential or desirable. Any particular territory we may do without; any specific policy we may sacrifice at need; any single commercial privilege we can dispense with; any notion about national honor may prove on examination unworthy of a great people; but the right to decide what shall be preserved or

advanced we can neither compromise, delegate, nor surrender. The right to choose is our most precious heritage from our ancestors and the most essential privilege we can bequeath to our posterity.

It means the right to define humanity, justice, equity in the terms of American ideals, the right to decide for ourselves what is consonant with the national honor. In last analysis, we can never allow other nations to decide for us what conduct toward American citizens conforms to our ideals, nor determine what constitute proper precautions for the safety of American lives and the protection of American property. We declined to accept the German statements concerning the consonance with international law of their conduct in the sinking of the Lusitania. We protested against the deed as an infringement of those rights of American citizens which the United States can neither compromise nor surrender. We meant that we could not allow the German Government to define humanity and justice for the American people. In American hearts must be the final repository of American ideals; in American judgments must be the final appeal upon questions of conduct. We can never submit, without loss of self-respect, to a flagrant and open denial by any nation of the consonance of our expressed ideals with justice and humanity.

The second fundamental interest of the United States lies in the right to define American interests in the terms of American life. Never can we cede to others the right to decide what is consonant with the welfare of the individual or of the state, nor countenance an attempt of another nation or its citizens to define for us the limits of prosperity in this country. The conditions of American life must be the final test, and no other analysis than our own can ever be satisfactory to us as a nation. Nothing more fundamental than these two postulates can exist in the life of any nation, because in the right to determine the national ideals and the conditions of national life lies a fundamental privilege deeper, broader, truer than the territorial integrity and political independence of which so much has been said. So long as a people retains its national consciousness it can never accept upon those postulates the judgment of another nation without sacrificing the realities of independence, without surrendering the attributes of power.

Before such broad principles can be applied to the solution of actual problems their practical application and meaning must be made clear. The right to define humanity and justice in terms of American ideals must of its own nature remain indefinite; to limit it is to destroy it. It

is precisely its limitation which we cannot accept from others nor decree in advance ourselves. At the same time equity and justice will cause us to recognize that other nations, to whom the right to choose is as precious as it is to us, will not permit us to exercise their prerogatives. Magnanimity and a sense of honor will cause us to refrain from exacting from others the fullest acceptance of our own discretionary judgments, as equity and impartiality will induce us constantly to yield voluntarily somewhat of our own possible rights in an endeavor to secure a working compromise with others. The right to choose will often display itself in the right to yield.

The economic interests of the nation may be divided into the right to advance in all just ways our economic welfare at home; to extend American trade to all parts of the world; to insure a continuity of intercourse with all countries; to protect the lives and property of American citizens in foreign countries and on the high seas. The great difficulty lies in defining such words as prosperity, freedom of access, protection of American interests, fair profit, just treatment. If we ourselves claim as an attribute of independence the right to fix the meaning of such words, we must not forget that other nations claim for themselves a similar privilege; if we

define those terms in the light of American interests, they will define them in the light of their own economic needs. While it will be expedient from time to time to compromise and adjust, we can never recognize as a nation the death of American citizens as just or endurable except as an act of war or by execution for crime after due trial by law. While circumstances may extort from us acquiescence in what others are able to impose upon us, we can never as a nation admit the right of another nation to intervene between us and the rest of the world. Artificial barriers, interference with the commercial activities of our citizens, we must always declare in theory detrimental and hostile. Any and all we may endure; none can we accept as just, desirable, or right. We must retain and continually proclaim our retention of the ultimate right to decide all questions in the terms of American ideals and of American life, because we cannot admit that our standards of justice, humanity, or prosperity are created for us by others, or view such an eventuality, should we be compelled to endure it, as anything less than an indignity and a danger of the first importance.

Indeed the right to choose between policies, the freedom to act in accordance with our own highest ideals and truest interests, is our most sacred possession and the only conceivable guar-

antee of our national future. It stands for our right to readjust our policies to changed circumstances, political and economic, in the great organism of which we form a part. Surely no one will deny that the overwhelming fact in American life to-day is the influence of a war for which we are not responsible, set in motion by factors over which we exercised no control, pursued for objects possessing for us no primary interest. It is transforming the United States and altering every factor of consequence in our national frame. The arrival of such crises can never be predicted; the probability of their recurrence can never be told; the likelihood that this is the last is slight. Indeed we cannot predicate a permanence of international conditions and relationships, and, until a definite crystallization of the world takes place, the American people must retain in their hands the power constantly to revise American policy in consonance with American ideals and interests as modified and influenced by the shifting life of the world organism.[1] American foreign

[1] The necessity of preserving the right of posterity to adjust American policies in the future to the conditions which may then exist is to me the crux of the situation. It is the treasure which is entrusted to us to preserve; it is precisely what posterity challenges us to defend, the interest for whose stewardship we shall one day be called to account. It is vital that we should at present begin to establish systematically the broad economic, industrial and administrative foundations which will in the future make possible a degree of preparedness, which is not at present essential, but which may be then imperative, but which cannot then be executed unless

policy is merely the expression of American life in its relation to the world at large.

Should we conclude that because American interests are less tangible than the primary need for defense from invasion they are therefore less imperative than European policies in their need for protection or advancement, we shall commit the gravest error at present open to American patriots. The assumption that we are isolated from Europe in any sense, that our safety and prosperity rest primarily upon factors existent in America and are protected by our territorial integrity, is a fallacy of the most dangerous type. Domestic prosperity for all nations is largely dependent to-day upon the continuance of their foreign trade, upon their ability to exchange their own manufactures for those articles which the country does not produce itself and does not expect to make. In America our prosperity very evidently rests not so much upon what we make ourselves as upon what other nations buy from us. The normality of American business is not at all a result of economic factors in the United States; nor are prices and values in this country the result of demand and supply within our borders; they are the result of con-

we now lay its foundations. Preparedness concerns not ourselves but posterity, affects not the present but the future; and must be undertaken to meet exigencies which no one now foresees as probable.

ditions in the international market which no country controls, but on which all are dependent.

The fundamental economic interests of the United States are no longer distinguishable, separable, from the interests of other nations, no longer capable of precise enumeration or of geographical location. Some interests we share with others — the use of the high seas, freedom of access to the markets of Europe, the common necessity for the protection of the lives and property of citizens when in foreign lands or on the high seas. Many of our interests are complementary to those of European nations and are so definitely tangled in the web of the European economic fabric as to depend for their very existence upon the healthy, normal life of which they form a part.

As a result of this economic complexity, of this interpenetration of the economic fabric of each nation by that of all other nations, the delimination of the property and interests of nations and of their citizens has become a matter of extraordinary difficulty and complexity. My property and thine are no longer easily separated by the boundary lines of countries, by obvious geographical location, or by legal titles and patents of award. Truth is that the citizens of many nations are all vitally interested in the same transaction and their interests are so nearly identical as to

defy definition or contradistinction. Economic interdependence has created interlocking interests, indistinguishable lines of ownership, an inseparable confusion of interests, interests in themselves intangible, consisting of equities, opportunities, franchises, the good-will of businesses, and of other peculiar developments of the modern credit system.

Thus the problem of the defense of American interests has broadened to the confines of the globe and has lost all sense of geographical location in the immensity of space; we have been deprived of definitely tangible interests by the blurring and fusing of economic lines. Yet defense was never so imperative because the possibility of infringement has been increased. So great has been the ethical and moral growth of the Christian world that those interests and possessions which are easily distinguished are not likely to be assailed by individuals or nations. The present danger lies in the intangibility of our national interests, in the interpenetration of our national fabric by that of other nations, in the difficulty of telling where one leaves off and the other begins. Disputes as to the whereabouts of my interests and their relation to thine are becoming more common, more subtle, more difficult of adjustment than ever before. Where interests are so nearly identical, the ethical re-

straints both upon individuals and upon nations become less conclusive in their operation. The ability to challenge ownership, possession, or privilege, upon plausible grounds, increases the danger of aggression and changes so entirely the whole issue that it can scarcely be phrased in the terms of the older diplomacy.

Our economic interests of this subtle type have become therefore, from the point of view of American policy, fundamental and primary interests. They must be as explicitly provided for as if our territorial integrity and political independence had still to be assured. Obviously the latter will be worthless if our economic prosperity be at issue. Nor, because such interests are identified in Europe with territorial integrity and political independence and are advanced implicitly rather than explicitly, must we believe them already assured in this country. The contrary is peculiarly true. Precisely because our territorial integrity and political independence are assured by geographic, strategic, and economic factors over which we exercise no control it is essential that we realize the fundamental character of the right to choose and the right to define American interests in the terms of American life. We must consciously base our foreign policy upon those interests because the factors which insure our safety and freedom are powerless to act in positive

and affirmative ways. The fundamental postulates of American policy must be positive and not negative, for the interests to be maintained and advanced cannot be preserved by the continuance of any policy we have hitherto followed.

Certainly their defense will involve action which would have to be denominated, in the language of the older diplomacy, aggression and offense, and which can still be interpreted by other nations, in the language of the newer diplomacy, as the defensive-offensive. We attempt in very fact to obtain something which we should not have if we did not make effort to secure it; we receive a share of the profits of international business, which we shall get only if we strive for it, and which other nations or individuals will get if we do not. If we limit American interests to what we alone can conceivably use or to those things which others do not care enough about to take from us, we shall be lost to all true regard for our own deeper interests and for the rights of posterity.

We must also recognize frankly the fact that our economic interests are and must be antagonistic to those of other nations. The notion that our interests cannot clash to their detriment with those of other nations assumes our existence as a separate entity, a delimination of our national interests from those of others which does

not exist. We are a part of an international fabric, political, economic, ethical, and we cannot dissociate ourselves from it. The assumption of nationality, the notion of independence, the very fact of territorial integrity assume an antagonism of interests. To suppose that our interests can only be the counterpart of those of other nations is to decline to accept a premise of national life which all European nations believe to be fundamental and upon which they constantly and consistently act. They believe it necessary for them to defend their own interests by extending their economic transactions to the uttermost, and, while they view a clash detrimental to us as regrettable, they also declare it unavoidable and pursue their policies accordingly. We must defend ourselves, our interests, our national life, under those conditions which prevail in the world at large, however much we may deny their consonance with the highest ideals of internationalism or with the future state of the world as we believe it will be. We must accept as fundamental those same postulates which other nations will employ in their relations with us.

CHAPTER VII

IMPERATIVE NECESSITY OF FORCE

The most important single decision underlying the foreign policy of a great people will be the willingness to use or not to use the organized force of armies and navies to protect or advance what diplomacy and arbitration have failed to secure or further. Once determined, such a postulate will instantly cleave the attainable from the desirable and furnish a test by which all policies, expedients, and exigencies may be measured and compared. So much has of recent years been written and said upon this fundamental subject that we must state at some length the reasons for believing force a necessary prerequisite of national independence.[1]

It is idle to maintain that the greatest manifestations of force in the world are military; the only truly permanent manifestations, the

[1] The limitations of space have been particularly trying in this important chapter and have made impossible the statement of qualifications, the elaboration of shades of meaning, the rebuttal of opposing views. To attempt anything more than a brief résumé of the most cogent reasons was impossible. At the same time I feel that, if these are valid, they establish the contention; if they will not convince the reader, a multitude of allegations will be unavailing.

only truly irresistible, are moral. Between these ethical and spiritual phenomena and that of brute force lies the sphere of economic phenomena, less powerful than the one, more potent than the other. None the less, when we talk after the manner of men, we shall be compelled to admit the existence and possible use of the organized effort of great communities, represented by armies and navies, as the ultimate sanction in support of their ambitions or in the protection of the property and lives of citizens. Always a means and never an end, a tool ready to the hand, when great bodies of men conclude that economic and moral forces are unable for any reason to execute their will, organized force always remains a possible method to be tried before relinquishing their purpose.

Undoubtedly its importance lies partly in its lack of reason, in its ability to establish the wrong, the selfish, the brutal at the expense of the right, the altruistic, and the merciful. At any one moment it is the final factor because other manifestations of force have proved their inability to make headway against it. All other varieties than armies require extraordinary and peculiar conditions for their operation and above all are dependent upon the element of time. Rarely, if ever, do they work in a hurry; rarely, if ever, can they be depended upon to advance the un-

reasonable and the illogical. They obey certain great laws of their own, of which man may at times take advantage, but which seem to be beyond his control. Brute force is the only power which the savage and the civilized man alike have at their disposal. Hence we cannot escape the fact that the organized force of millions of men is an ultimate appeal in all human relationships by refusing to admit it. Like the sun in the heavens, it does exist, and, upon it, in last analysis, our own rights as a nation must also rest.

At the same time our readiness to employ it in defense depends in the main upon the disposition of other nations to call upon it to advance their own interests at the expense of ours. Were there any guarantee that they would not appeal to it to extort from us territory which we cannot be persuaded by argument to concede, we could then declare our intention of abandoning its use against them. If we can limit our ambitions and desires to what others will voluntarily yield to us, we may ourselves decline to appeal to force. If we possess nothing they value, force is unnecessary; if we can afford to lose certain things they value, we may sacrifice the interest in question on the probability that its cost of maintenance by military force will exceed its worth. So long, however, as any reasonable

possibility exists of an appeal to force by other nations against us, we must ourselves be ready in such an exigency to use force in defense, or they will promptly discover that they may always advance their interests at the expense of ours.

The indispensable we cannot afford to lose, whatever the cost of maintenance, and to defend it we must be ready to expend that ultimate effort which the community possesses in its own brute force. Naturally we shall first exhaust every other conceivable means of attaining it, but, if there be then one final method by which we may still contest the issue, we shall lose the indispensable before the sacrifice becomes necessary if we decline to contemplate the use of the ultimate sanction. The crux of the issue lies not in the definition of force, its limitations or evils, but in the definition of what is indispensable. Most militarists and pacifists choose as examples things manifestly not indispensable, which are merely desirable, the value of which is even open to discussion; each easily disproves the other's contention. The difficulty lies not so much in the rightness or wrongness of war as in the failure to take a sufficiently fundamental view of American interests.

The definition of our fundamental interests as the right to define humanity and justice in the

terms of American ideals and the right to define American interests in the terms of American life makes sufficiently clear their fundamental nature, their indispensable character. The right to choose is in fact the ability to act in the future with intelligence; it is discretion projected indefinitely into national history. It is indeed unlimited and illimitable, indefinable and intangible because of its ability to deal with what is not now seen, with what is now believed to be incredible, impossible. We preserve our ability to act wisely upon the unknowable when it becomes the known, upon problems of the future when they have become those of the present, upon new problems and new phases of old. We cannot concede the right to choose because we do not know what it is. We cannot surrender it because it cannot be defined. We cannot limit it because we shall thereby destroy it. It is the infinity of discretion, the eternity of freedom, the intangibility of sovereignty. If so crass a thing as brute force can preserve for us so inestimable a privilege, we shall indeed lack a conception of relative values if we decline to make those material sacrifices which the use of force involves. However great they may seem to us at the moment, their significance is naught when compared with the infinite worth of those things whose value cannot be estimated.

The decision to use force as an ultimate appeal and sanction involves immediate preparedness. While the strength of any nation is indeed its people plus its physical resources, at any moment its strength is merely that portion of its potential might which it is capable of exerting, that part of its human and physical resources which have been organized. What nations are not able to use at the time, they do not possess; the strength of men unorganized is as non-existent in any particular crisis as that of babes unborn. The failure to be prepared to use force at that moment when force becomes necessary — a moment which in the nature of things can never be adequately foreseen — means the loss of that which force is intended to preserve. In the long run spiritual and economic forces will protect and defend far more ably than the crude instruments called armies and navies; brute force is a thing of the moment and must be used at the time; it can never be effective unless ready. It is peculiarly true at the present day that military and naval preparedness cannot be extemporized. A decision to use force as an ultimate sanction of our fundamental interests spells immediate preparedness.

These, then, are the most fundamental postulates of national policy: we do possess that which we cannot afford to lose and that which we can-

not concede; we must therefore prepare to exert in its defense our whole might and contemplate an appeal to organized force.

Such a decision merely ratifies the judgment of countless generations of statesmen who have seen in such armed force the only possible sanction for national safety and prosperity. If it is true that we no longer need invoke such measures in defense of many objects for which our ancestors struggled, it is because we enjoy the fruit of their efforts, because their blood was evidently not shed in vain. The modern issue is, however, not less imperative than the literal defense of one's fireside.

It is difficult to subscribe to the contention that abstention from war is the normal course, that the use of armed force is abnormal, and therefore wrong, because it interferes arbitrarily with the working of normal or non-military factors. The argument is governed by a purely arbitrary definition of what is normal. The favorable elements of the situation are usually identified with the normal and declared to be the outcome of natural forces, a definition which promptly renders all that disturbs the operation of these "natural" forces artificial and wrong and includes of course in its scope all forms of violence and organized force. A candid view of the past development of the human race seems to

render probable the idea that the interference of man with the natural forces of development in an attempt to alter and twist the course of evolution has been the normal fact of progress. The very ability of man to interfere with and to some extent mold natural forces is the attribute which distinguishes him from the animals. Those who have studied animal psychology lay stress upon the importance of blind impulses, of subconscious reachings toward some unknown goal, which seem to animate some of the higher classes of animals and some of the lower types of man. Are we not taking much for granted in assuming that concerted efforts which great bodies of men are willing and anxious to make do not help in the evolution of the race because they lead to a temporary sacrifice of the material? Are not mental, moral, and spiritual qualities the true objects of evolution, and are we not taking as a criterion of what is detrimental to the future of the race a peculiar test, if we declare that to be contrary to our best interests in the future which demands a sacrifice of wealth and life at the moment?

The warfare of to-day is really a protest against existing conditions, against the operation of what are called normal and natural forces on the ground that they are inequitable and the result of factors not natural at all, but highly

artificial, not normal, but iniquitous. It is the result of a decision reached by great bodies of men that a sharp and fundamental readjustment of economic relationship between the various nations is absolutely essential, one cleaner and deeper than they have been able to make with the non-military forces whose use they so little comprehend. The object they have in view is indeed one which they realize can be obtained by non-military factors, but they also see that the element of time required for the operation of the latter is greater than they care to contemplate. To declare that they must patiently wait for the attainment of what they regard as supremely desirable until two generations or several centuries can put them in possession of it by the slow work of economic and moral forces is to compel them to suffer in the meantime those evils which they believe to be intolerable. They prefer an appeal to force, an acceptance of the danger and suffering which they understand and can compute to the continuance into the future of a toll of life and suffering which they therefore cannot estimate.

That war means hunger, nakedness, death, mental and moral suffering, men have always known; but these great social and economic evils from which the human race still suffers also entail poverty, wretchedness, loss of property,

sacrifice of health, hunger, starvation, death to a degree which no one can foresee imposed upon a number of people impossible of calculation. Men never appeal to war against evils less than war; they appeal always to war against evils which are to their thinking greater than war, likely to demand suffering more terrible than war. It is not a choice between a peace lovely, desirable, free from suffering and risk, and a war frightful beyond all imagination in its perils and dangers. It is a choice between alternatives, between a struggle whose cost they can fairly approximate and a future whose perils seem only too probably greater. To tell men that they must not use force because it causes suffering is to mock them. Do they not already suffer? How much worse than death and poverty does war entail? Men appeal to war against what they believe to be intolerable and which they cannot otherwise prevent.

The agitation against war will be futile so long as a definition of war is synonymous with fighting. There are many ways by which nations and individuals are at present robbed of their lives and property, slain and tortured, without the firing of a shot under conditions which we sardonically denominate peace. The starving millions in factories, the crushed operatives in sweat-shops, are dying a living death

compared to which death on the battlefield is merciful. It does not depend upon what we mean by war; it depends on what we mean by suffering, whether we find war more horrible than peace. The definition of peace must be extended to include an equitable adjustment satisfactory to all nations and individuals upon social and economic issues, national as well as international, before it will comprehend anything remotely likely to determine present issues. To ask the poor, the oppressed, and the downtrodden to limit themselves to peaceful methods is to deprive them of their only weapon against those multifold economic, social, and political forces which seem to them to be crushing body and soul, blackening the future, and destroying hope. Not war, but inequality, oppression is the evil. While it persists, the appeal to force will be always the last resort of the despairing. There is something in the make-up of the "man plant" as it grows in the Western world which makes it impossible for him to accept misfortune without this final attempt to readjust the situation.

When we appeal to force as our ultimate sanction, we assume that we ought to obtain the maximum of our reasonable desires; if we adopt persuasion or arbitration as our only method of procedure, we shall at once definitely

accept something less than the maximum as the most we can ever achieve. Arbitration and persuasion compel us to accept invariably what others will concede after due argument and insistence. Not what we wish, but what they will yield, becomes the measure of American interests. We obligate ourselves in very fact never to obtain more, never to consider desirable or necessary for the United States what other nations cannot be persuaded by argument to concede to us. Here lies the fallibility of arbitration. It can never insure us anything, desirable or indispensable, for it depends unquestionably upon the reasonableness of other people, upon the desire of other nations for equity, upon the recognition by all of the wrongfulness of obtaining what some are not willing to concede.

Arbitration rests upon a view of international ethics which declares possible a mutual regard by each nation of the other's interests and a willingness on the part of each to be satisfied with a compromise which must necessarily assign to each only a part of what it demands. Even if we ourselves possess beyond a peradventure these moral and ethical qualities, it is all important that the nation with which differences appear should also possess them. May we safely intrust American interests to the moral

sense of other nations? Can we claim that European statesmen show at present a conspicuous willingness to defend our present interests? Have the nations forborne to promote their own ambitions where they knew them to be inimical to those of others? Have they hesitated to employ the force at their command to further their own welfare at the expense of peoples unprotected and entirely innocent of offense? If we abandon the use of force, or fail adequately to prepare to use it in emergencies, we shall sacrifice the indispensable before its loss becomes inevitable; we shall remove our right to adapt American policies in the future to American needs as shown by the shifting conditions of American life and the ambitions of European nations.

The peculiar fatality of such a choice lies in the sacrifice of all opportunity to alter the decision. Once definitely adopted, a policy of unpreparedness, or a lack of adequate preparedness, spells an inability to prepare at all, the irrevocable surrender of the right to choose, the perpetual limitation of American interests by the maximum expression of European and Asiatic ambitions. We shall retain only what other nations cannot take away from us, what they do not value, what they will voluntarily concede.

A readiness to dispense with force must pro-

ceed from a willingness to accept existing circumstances as entirely satisfactory and their continuance as the most advantageous solution for American interests. Let us assume that so far as the United States is concerned the proposition is true. It is impossible, however, to settle a problem of two dimensions in the terms of one; the mere fact that existing conditions are those most favorable for us raises the probability that they are less favorable for others. Indeed several European nations of the first rank are profoundly discontented with present conditions and regard their continuance as intolerable. Even if the United States can remain content with what we at present have, the defense of this interest of ours means the perpetuation of the disabilities of others. It will entail a decision on our part to sustain an economic situation which powerful European nations are entirely ready to use force to destroy. Can it be doubted that they will present to the United States the issue of sacrificing the present situation or of fighting in its defense? The challenger and not the defendant is always, in international affairs, the one to choose the weapons. If they appeal to force and we are not ready or willing to use force, we shall lose. The mere fact, therefore, that we are ourselves contented is not sufficient to preserve the peace; we forget the significant

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truth that our contentment is precisely what others wish to disturb.

The success of a certain type of pacifism in the United States has been based upon the sedulous sowing of the idea that we are already the wealthiest nation on earth, with the largest natural resources, becoming already, by the operation of factors growing out of the European war, the most powerful financial nation. As such we have everything to gain by the maintenance of the *status quo* and everything to lose by risking it in war. We have too much to risk; we already have so much that we can scarcely add to our possessions; economic factors are already so clearly operating in our favor that any attempt to interfere with them would be detrimental, if not disastrous.

There is every reason to suppose that this picture of American conditions is fallacious and false. It is not true that the fundamental economic forces of international trade are working in our favor, that the fundamental economic conditions in the United States are at present likely to continue to produce that sort of result most satisfactory to American citizens. The contrary seems to be true. Peace in the sense of an absence of warfare means the indefinite continuation of disabilities which individuals and nations now at an economic disadvantage suffer.

Among these is the United States, and our disadvantages will become more serious in proportion as other nations interfere by artificial measures with international trade, or attempt by military force and political pressure to manipulate economic factors to their own benefit and to our detriment. Our past growth has been so abnormal that any rapid shift to such economic conditions as have been normal in Europe for the last generation will mean for this country sharp suffering, hunger, nakedness, poverty, loss of life. Those same economic disabilities which have certified the need for the use of force to European nations are and will be operative in this country. Unless we, of different mental make-up, face the prospect of their indefinite continuance with greater satisfaction than European nations have manifested, we shall conclude as they have that an attempt to secure by force a more rapid readjustment of economic and social forces may some day be preferable to their continuance.

CHAPTER VIII

IS PROSPERITY INDISPENSABLE?

It will not be necessary to indict a long screed to convince Americans that they are deserving of prosperity; it is a proposition with which they already sympathize. Nor is the value of prosperity in need of proof: it possesses already an indefinable but powerful attraction. Like happiness, prosperity is difficult for most people to define but impossible to dispense with. Like goodness, the majority prefer to obtain it, if at all, without conscious effort; like life, the average American assumes it to be a sort of birthright, an inalienable, imprescriptible something guaranteed by the Declaration of Independence and the Fourteenth Amendment. Hitherto it has appeared annually in more abundant measure without seeming thought or effort on the part of the majority of individuals. It has become a matter of course, an axiom, a truism. To speak of its loss is to blaspheme, to rave, to become a jingo, to join the ranks of the yellow press. Are we not the richest country on earth? Are we not becoming its financial center? Will

not the bulk of the world's capital be in our hands at the end of the war? Do not the Europeans see and tremble?

The charm of the word seems to lie in its suggestion of a geometrical progression of well-being into an indefinite future. It is withal no fixed quantity, but is relative to our future needs, comparative with our past attainments. Nor do we feel prosperous when we merely continue to possess what we have had, however much that may have been, however disproportionate a return upon the actual labor and capital invested. Prosperity is, in the immortal words of Oliver Twist, more, more. Enough is not prosperity when we are accustomed to too much. To the majority of Americans it means an increase of profits this year over last, an increase in luxuries. By hard times we mean the necessity for economy and retrenchment, spending less than we did before, the possession of less satisfactions.

Prosperity is however by no means axiomatic, not in the least continuous, in no sense necessarily assured by the mere fact that we are here. Nor will simple non-interference with the operations of the so-called normal economic factors result in that additional increment of satisfactions each year which the American public expects. Indeed, it is American prosperity rather

than our national integrity, our political independence, or the right to choose, which is in immediate danger. Our past rate of growth has been due to natural forces so truly abnormal that the result, explainable as it is by economic history and theory, has been in comparison with European development in the same centuries as highly artificial as roses in December in New England. So rapid a pace, it has been long seen, can scarcely be maintained many more decades; inevitably it must slacken.

Many powerful economic factors in this country and in Europe are already tending to reduce it more and more nearly to that degree of advance which has been common in the highly developed economic centers of the older continent. So much the history of the past teaches us is inevitable, but it also shows us that the transition in the case of new and undeveloped countries, growing by leaps and bounds under powerful economic stimuli, to the settled pace of a highly developed economic unit often has resulted in extreme suffering for the people alive during the period of change. Especially has this been true when the transition has been short and sharp. Such countries derive tremendous benefit from a more gradual retardation of the rate of growth, from a lengthening of the period of transition by a conscious adaptation and use of

economic forces. The difficulties of readjustment may thus be minimized and some types of suffering entirely obviated.

An approximation of the recent rate of profit obtainable from commercial enterprise in the United States is indispensable if we are to continue to muddle along with our present democratic government. Great as has been the work of democracy in America, as an educator and uplifter of the ignorant and forlorn, it has been only a very moderate success as a system of government. Foreign students and American critics are alike agreed upon the inefficiency of our national, state, and local governments. We have accomplished wonders; we have learned how to do things quickly, how to accomplish what was necessary in a minimum of time. Yet such work as has been performed by the state and nation has often cost a maximum of expense for a minimum of result, if we take the experience of European communities in similar undertakings as a test of what can be done. While graft and corruption of the ugliest sort have existed, the phenomenal cost of government in America has been largely the result of inefficiency and inexperience, the sort of thing which always happens when those who do not know how do as well as they can.

In Congress the traditional methods of na-

tional finance, if followed by any individual in his private expenses or by any business concern, would result in immediate bankruptcy. No budget is made; no attention is paid to administrative requests beyond a certain courtesy; and the habit has become firmly fixed of spending something over two hundred millions of dollars a year in expenses which produce results dissociated from administrative needs. The pension list is larger, now that most of the old soldiers are dead, than it was in 1870. Most of the millions spent upon the Army and Navy are not represented by anything military or naval. Huge sums have erected buildings, dredged harbors, and drained rivers, whose sole result was to transfer money from the community to the constituents of Congressmen. Yet we shall be wise to recognize that this money is not entirely wasted; it is merely transferred from public to private uses. The nation still possesses it and spends it in the majority of instances for purposes which increase prosperity.

We cannot however continue such lavish expenditure in state and nation for such purposes unless prosperity continues, in the sense of a constantly increasing surplus upon which taxes can be levied. The whole financial system of the country, and in the main all private expenditure as well, is based upon the fact that some-

how there has usually been more to spend; that without thought or care on the part of officials it somehow appeared. Consequently they no longer estimate expenditure by the surplus available, or even by existing or probable revenue. We have grown so accustomed to too much, to more than we could spend, that we do not know how to get along with just enough. Rigid economy will mean the destruction of a large part of congressional and state traditions and compel the education of American politicians in entirely new methods of administration.

We cannot learn to economize rapidly; we cannot expect to educate officials, accustomed to lax methods and generous expenditures, but upon whose experience and knowledge we must continue to rely, in methods of economy and efficiency at the stroke of a pen or by the passing of statutes. The system permeates the community, ramifies into private business, reaches homes, churches, and corporations, and can be uprooted only by a firmness of conviction in the imperative necessity of reform which the public mind has yet to attain. Only prosperity in the sense of more to spend each year can allow American democracy to grapple with future problems.

We have grown accustomed in this country to a degree of luxury long unknown in Europe. Almost from the first, in America, fresh meat was

on the table even of the poorest, and, for a longer period than most people now alive can remember, families in very modest circumstances have had milk, butter, and sugar in profusion, coffee, tea, and tobacco without stint, warm houses, plenty of warm clothing, carpets on the floors, occasional visits to the theater. These are now to us the necessities of life. The sedulous work of reformers has sown the belief in the community at large that these comforts are merely the living wage to which all people have a right, whether they earn it or not by labor evaluated at present rates. The minimum wage means in last analysis an attempt to provide people with what they do not provide themselves; it seeks to delude the community into the idea that it actually earns more than it produces. If attempted, it will mean that some individuals will earn it for other individuals not as yet sufficiently capable to be worth that much in the business world. A decrease in the present rate of profit will make such an extension of comforts impossible and will reduce those now enjoyed by an extremely numerous class. Such a result can scarcely fail to be serious. Where so many are beginning to regard more than they have as their necessary right, of which they are deprived only by injustice and greed, the reduction of what they now have will stimulate the

hostile campaign against trusts, railroads, and all quasi-public corporations, already struggling to perform their services to the community without going into bankruptcy.

All those social reforms so ardently desired, so indispensable to our future welfare, depend upon the continuance of the existing rate of profit. Since the actual redivision of the present wealth of the community is so difficult as to be impracticable, the most that can be hoped is to secure for manual workers a somewhat larger share of the gross total. A different division of future profits is probably the only immediate solution of the difficulties of shop girls, of laborers in sweatshops and mines, of railroad men on long shifts. This will be only a palliative. It seems almost impossible to convince the majority that because they receive more pay they are not therefore better off, or that a reduction of hours without a proportionate reduction in wages means higher pay. Either the increase is an attempt to readjust the wage scale to a level of prices which has already risen, or the laborer promptly pays out in higher prices the increased amount that he has received. Unless the community actually produces more, there will not be more. Only a greater efficiency can give the great majority of people higher wages. It is the greater proportion and not the gross total which is involved.

Unless the present rate of profit continues, any such division of future profits is problematical. Should the rate of profit decrease, it will be impossible.

Our future depends upon educating the overwhelming majority of the community, until it is able to exercise in reality that discretion in public affairs of which democratic theory assumes the individual possessed. We are attempting the most perilous experiment in the world's history by acting as if the vast majority of men possess a degree of intelligence and information which every one of them knows neither he nor his fellows do possess. In the progress of education lies the hope of the future. By it we must mean something more than a smattering in the public schools before the yawning mills devour the children at fourteen. They must continue, if possible, through college, and, while few university instructors retain illusions as to the attainments of college graduates, the latter are so superior to the grammar school product in general poise and mentality that the problem of democracy would seem almost solved if the vast majority could be forced through college.

So much is dependent on a continuity of real prosperity. If the parents can support the children a few more years without denying themselves more comforts than they are willing to

sacrifice, the children will have the needed leisure to devote to the uninterrupted work of training for future citizenship. It all reeks of profits, surplus over ordinary expenses, increasing surpluses. Compared to this the tampering with governmental machinery which occupies the attention of so many well-meaning men and women — the short ballot, new constitutions, woman suffrage, and the like — are expedients for exchanging the worst evils for others of lesser degree. Our worst problems can only be solved by making the unfit fit, the selfish unselfish, and the wicked good. For that, prosperity is indispensable.

If it is essential, is it in danger? Upon what conditions does the maintenance of the present rate of profit in the United States depend? Not upon conditions primarily existent in America. In earlier centuries American conditions were very nearly the prime factors in our astounding development. A new and practically undeveloped country, whose natural resources were abnormally rich, received from Europe an entirely abnormal supply of capital, which was promptly invested in American enterprises. It obtained also from Europe by immigration an entirely abnormal supply of labor, and thus stimulated into abnormal activity normal economic conditions. From this abnormality resulted the

American prosperity with which we are familiar. So rich were our resources that the crudest extensive labor produced huge profits. The swelling population provided an ever expanding home market for all manufactured goods we could produce. Created, to be sure, by methods in which force did play a part and due to a series of circumstances in which force was always a potential element, the resultant prosperity was none the less a product of economic factors.[1]

Nor was this new and highly artificial economic structure in danger of disturbance from the only armed force which could reach it. The free play of economic factors in this country was assured by the significant interests of the greater European nations in American prosperity. Their capital had been invested here by reason of certain political relationships ultimately founded on force. In the main it was British capital which we utilized, because Great Britain controlled all the approaches to the United States, and investments were safer for British capitalists than for the citizens of other states. The only nation, therefore, able to disturb this economic structure found the existing circumstances as profitable as they could possibly be and possessed no motive for interference. Indeed, so far as

[1] See also Chapters II, IX, X, and for a detailed discussion of the economics of expansion.

force was an element in the situation, it was exerted entirely to maintain and develop our commercial structure.

The very success of the process now threatens the happiness of a part of the individuals who depend upon it. As far as the entity is concerned, the community at large, its prosperity will wax and grow, more slowly perhaps, and, it may be, in different directions, but surely and steadily. It is the individual who is threatened, and not all individuals; chiefly those on the margin of subsistence. The creation of varied industry in the United States has entirely changed our relationship to Europe, while the expansion of the economic world by the operations of the railroad, the steamship, and the telegraph has scattered to the ends of the earth the elements of each nation's prosperity.

American prosperity is literally more dependent upon a normality of economic conditions in Europe than upon forces operative in this country. The international market is so thoroughly interdependent, the economic fabric of the more highly developed nations is so largely the result of interpenetration, that a decided interference with the normality of the economic conditions in Europe promptly interferes with the normal working of forces in America and puts an end to American prosperity. So far as American pros-

perity is dependent upon the continuity of prosperity in Europe, no measures will be necessary to preserve it: the Europeans are themselves as anxious to maintain normal conditions as Americans ever can be. It will scarcely be necessary for the United States to contemplate assisting European governments in the preservation of order. If their own economic welfare will not induce them to avoid war, it is hardly likely that the protection of our interests will cause them to renounce an appeal to arms.

Prosperity does not result from the gross total of business transactions, but from the degree of profit obtained. Nor by this rate of profit do we imply gross profit. It is the marginal profit and the degree of that marginal profit upon the last amount of business which is sufficiently profitable to be performed at all. The mere fact, therefore, that the total volume of business transactions has increased does not spell prosperity. It must have increased at such a rate that the smallest profit which the least intelligent business man receives still remains as before, or exceeds his previous profit. Inasmuch as the normal factors of international trade tend to diminish the marginal profit in America, prosperity can be maintained, not by protecting our access to normal European markets, not by increasing our output for our own normal domestic

demand, but by the continued possession of abnormal markets *at home* or abroad. Upon these we have in the past been very dependent, and we have ourselves furnished American business such abnormal profits in domestic trade that we have grown to rely upon a percentage of net gain, which few business men in Europe expect. Due in the past to the extraordinary wealth of virgin resources, to a practical monopoly in some cases of the commodity in question, our trade at present rests upon war markets in Europe, South America, Asia, and Canada. American prosperity is not threatened by forcible interference or conquest, but by the slackening of the rate of growth, which normally follows upon the development of economic factors and which can be prevented only by the continuation to a certain degree of that sort of abnormal condition which is tending to disappear. For the present we may expect to maintain something approximating abnormal conditions in America, which will retard the diminution of this rate of profit and postpone the completion of the transition. But, a generation hence, what shall we use? What opportunity will remain open?

CHAPTER IX

CAN ARMED FORCE PROTECT PROSPERITY?

If we study the foreign policies of nations in the past we shall find at the bottom of each that word of magic import and illimitable hope — prosperity. The past generations of statesmen believed that armed force could advance and protect prosperity, and to that end formulated significant national policies. When the long ships of the Greeks set sail for Troy they were attempting to remove an artificial obstacle which stood in the way of Greek commerce with the Euxine and prevented the expansion of Greek trade. Thus the Punic wars were contests for the trade supremacy of the western Mediterranean. Between the struggles of the legendary past and the present day are centuries strewn with wars waged in the pursuit of prosperity. The discoverers and colonists of the sixteenth and seventeenth centuries looked for it in America and Asia; the Mercantilists of the seventeenth century, the Physiocrats of the eighteenth century, sought by a policy of broader application, in which military and naval forces played a

conspicuous part, to stimulate national economic growth. So too the Continental System of Napoleon, the *laissez faire* of the Manchester School, the radicalism of Marx, La Salle, and Henry George, were all essays in prosperity and speculations about the road thither. To see, therefore, the assurance of American prosperity as the fundamental motive of our foreign policy, as the promise of American life, is to adopt a standard already stamped with approval by Agamemnon, Drake, Colbert, Napoleon, and Disraeli.

There has been in America a tendency to suppose the Europeans lacking in sanity because of their willingness to undertake so colossal a war, and to believe them ignorant of economics and history because they openly advocate the use of armed force in the interests of prosperity. Many have congratulated themselves because the United States has not yet fallen a prey to this delusion. How great is the probability that we Americans are wiser than so many generations of European statesmen; that we apprehend more clearly the operation of economic factors and the possible effect upon them of armed force? We need hardly expect the Europeans to award us any such superiority, and there does seem, indeed, to be scant reason to credit it.

Man is apparently differentiated from the

animals precisely by his ability to interfere with the working of normal physical and economic factors. He has not been content with what the succession of days would bring him; he has constantly sought by effort to accelerate the pace of his development, to increase the sum total of his worldly goods, to obtain from this acre a larger yield, to discover new methods for utilizing natural objects hitherto without value. There has never been a time within recorded history when the leading minds of the race have not believed in this possibility of accelerating the pace of development. The new theories of expansion, imperialism, and colonization merely bring new postulates and new ideas of conditions to reaffirm old conclusions. Behind present European policies stand subtle and far-reaching conceptions, traceable to Darwinism and the Mendelian law, to the study of diplomatics and index numbers, to economic history and sociological research. Conscious experimentation with commercial crises, famines, and great natural catastrophes has caused men to hope that by forethought and coöperation their disruptive influence may be so nearly eliminated that such events will cease even temporarily to interfere with normal business conditions. The analysis of the credit structure and of banking, the study of such phenomena as the rise of prices, have

resulted in the formulation of plans of action which experience has proved to be accurate and beneficial.

If the synthesis reached by European thinkers and statesmen is accurate, it is as valid in America as in Europe. The modern economic fabric is an integer and the new economic history, sociology, and biology are universal in their scope. The very tenet of the interrelation and the interpenetration of the economic world renders improbable a postulate true in Europe and not in America. We shall arrogate too much to ourselves if we suppose that we have so soon outstripped those teachers to whom we owe literally all our own knowledge and training. So far as scholarship, art, and industry exist in America, they are provably direct importations from Europe. We have not yet freed ourselves from the dominant influence of European thought; we have yet to produce any manifestation of intellectual endeavor which is not confessedly European in character. Only the ignorant will conclude that we are wiser than the Europeans and that fallacies visible to us will not also be clear to them. Our unwillingness to accept their conclusions does not demonstrate of itself our superior intelligence and information.

It is easy to show that armed force cannot create economic forces or spiritual and ethical

phenomena. No well-informed European students or statesmen have ever believed that crude invasion — the seizure of houses and lands, the confiscation of property, and the expulsion of the inhabitants — added to the conqueror's wealth. For many generations it has been clear that robbery on a large scale was as futile of permanent results as on a small scale. Nor have statesmen believed that fundamental economic disabilities could be literally removed by the edge of the sword. We cannot thus pay our debts to Europe, nor seize the capital needed for investment in other lands, nor change the general character of our economic development. Direct exchange as profitable to the merchants of other countries as to ours, a merchant marine adequate for American commerce, we cannot establish by battles or by legislation. Force never has and will not in future make nations rich at a stroke, nor create economic independence in a moment. We may rob others of their prosperity, but we cannot transfer it to ourselves. No student or statesman of consequence has ever believed that we could.[1]

[1] I am aware that I am here explicitly taking issue with Mr. Norman Angell's position in *The Great Illusion* and other books. This seems to me his chief fallacy: most of his contentions are true, but have never been denied by leading statesmen, who still declare despite such admissions that armed force is capable of a beneficial influence more extended than the police power which Mr. Angell also sanctions.

The feat is not to-day more impossible; its futility is simply more obvious. Wealth more clearly than ever is seen to exist in great communities in the continuous use of buildings and resources, in the continuous cultivation of land, in the actual operation of railroads, factories, and banks. The iron rails, the bank vaults, the machinery in the factories, armies can seize; but these material objects avail nothing because wealth is not inherent in them. It lies in their continuous use. The intangible cannot be stolen. Between developed countries the profits of trade consist in the continuity of an exchange mutually profitable. When the necessary conditions exist, force is apparently unable entirely to stop their operation; when the profits are not mutual, no amount of force can make the exchange continuous. As for the credit structure upon which modern business so vitally depends, it is the result and creation of confidence, established between individuals by long years of intercourse. The threat of force paralyzes the structure. In the long run, prosperity must proceed from the operation of economic phenomena which force is incapable of creating or transferring.[1]

At the same time force can hasten the pace at

[1] The difference between effects in the long run and over briefer periods is a point which is often decisive in the decisions of statesmen, who must act at the moment, and who must often be attempting to obviate the difficulties created by economic disabilities,

which economic development proceeds, and, conversely, can prevent the too rapid retardation of the rate of growth. Conscious thought may utilize force so as to bring labor and capital together, so as to juxtapose the necessary economic phenomena for trade and thus develop trade where it did not exist before. Only the ignorant will confuse this operation with the creation of phenomena. The interference with the continuity of economic operations by violence, whether of individuals or of armies, force can always obviate; and where artificial barriers have been erected by legislation or custom in the way of trade, they can be removed by political and military influence. All of these uses of force are beneficial and profitable. In developed countries, the part played by organized force is hardly realized, because the advanced consciousness of the public mind appreciates so keenly the advantages of a continuity of economic operations that no interference by violence or statute is ordinarily attempted which force is needed to counteract. Strikes and riots do occasionally occur, but ordinarily the work of the police is limited to the punishment of minor offenses against the criminal code.

which only time can transform. It must always be remembered that the majority of the postulates of economic theory concern effects in the long run only, while most political policies are calculated to produce immediate results.

The true problem of a country like the United States, which has attained a complex economic development but remains inferior in strength to other States,[1] and still owes a considerable portion of the capital sum upon which its business is founded, is of such a nature that force can assist in its solution. Indeed, the solution lies in the acceleration of the rate of growth, and therefore in the shortening of the period of economic dependence and inferiority. The advantages of independence are so great and so truly beneficial to all citizens that any legitimate effort which will hasten its attainment is justifiable. At the same time only from the operation of normal economic factors can independence result; only by a gradual accumulation of net profits can the debts be paid and a capital sum of our own be created. Normally the rate of growth is dependent upon the proportion of the country's business which produces a rate of profit greater than the marginal profit necessary to induce men to conduct their business at all. The true gross profits are the residuum after the expenses of production have been paid, which must always include that minimum business profit which is really the promoter's salary and which represents the least amount which will

[1] This aspect of the subject has been reserved for the next chapter.

induce him to conduct business at all. Ordinarily it covers his personal expenses. Of the gross profits a considerable proportion is used to discharge our indebtedness to Europe in dividends on stock, interest on bonds, and payments of capital sums. What remains is net profit, our own profit, the possible addition to our own capital fund. Only as it grows can we become independent, and it will grow, obviously, in proportion to the amount of business in the country transacted above the marginal profit, the percentage of business which brings in abnormal profit, and which, therefore, results in a greater net profit. This is what we mean by prosperity: the creation each year of a good deal more than is necessary to cause us to do business at all and to pay our debts; the ability to spend each year, either for our own purposes or in the development of business, a much larger sum than the year before.

While force cannot make us independent at a stroke, it can hasten the operation of the economic forces which will gradually perform that feat. Here lay the real object of mercantilism. Countries were to become self-sustaining, which meant, of course, independent; the colonial systems were intended to increase the proportion of the country's business which produced abnormal profit. To this same end modern

peaceful penetration and Pan-Germanism are directed.

The beneficial influence of force upon economic development has been in recent years so much in controversy that a somewhat extended treatment becomes justifiable.

There exist in the world natural highways along which the world's trade flows, in the main, because the geographical structure of the continents and oceans dictates the lines of communication between nations. In certain districts, many of these natural roads unite and create a single geographical location, which is economically more valuable to its inhabitants than other districts would be. The northern European lines of communication center in Belgium and Holland; the trade routes by sea all unite in the English Channel; New York combines a splendid harbor with access to the natural highways leading north, east, and west. Such districts as these are always richer, more highly developed than others, and business is more profitable in them than elsewhere. These force can appropriate, can transfer from one political allegiance to another, and the addition of these natural entities to the country's resources will be a source of profit, although no dollars are transferred to the pockets of citizens in the conqueror country.

There are also in the world certain districts whose climate provides more favorable conditions for the growth of certain staples or for the manufacture of certain commodities than other places possess. The earth also contains minerals, whose location is fixed, which may be transferred to the conqueror at will and whose ownership will be profitable. The French have felt sorely the loss of the iron mines in northern France and the Germans have benefited enormously by the seizure of the great oil districts in Galicia. There can be little doubt that one of the chief purposes in the invasion of Belgium by Germany was to secure the use during the war of the French iron mines, of the Belgian and northern French industrial fabrics, to deprive the French and British of these resources and also of the use of those great roads of communication which center in Belgium. Here are advantages which armed force did transfer from one nation to another.

The economics of nationalization have also been proved highly essential and almost entirely the result in the past of the operation of armed force. The practical non-existence to-day of artificial barriers in the way of trade conceals from most men the almost innumerable varieties of such difficulties in the past. Customs barriers, toll regulations, differences in language, in coinage, in weights and measures, in the law of debt

and contract, were so numerous in Europe as practically to reduce the area in which uniform conditions existed to a few square miles. Gradually men began to appreciate the very decided commercial advantages which result from an ability to trade with customers at a distance under uniform conditions, so that both of the contracting parties are governed by the same law, make their agreement in the same language, in the same units of money and measure. Debts are more easily collected, contracts more commonly honored, disputes and disagreements less usual and more readily adjusted. Such hindrances are purely artificial and not economic in the least, and therefore their removal by armed force frees trade from unnatural restrictions and results in mutual profit to all concerned and in the rapid increase of the number of transactions, as well as in the creation of a much greater assurance of the continuity of economic processes. Economic phenomena force cannot create; it is able to assure the mutuality of benefit which flows from a uniformity of conditions and the continuity of economic processes. The result invariably spells profit and prosperity.

Obviously armed force is necessary to protect the continuity of the normal economic processes in all countries from artificial, captious, or aggressive interference. In developed coun-

tries this duty rarely assumes prominence or requires other measures than those habitual and customary. In undeveloped countries, where order is not preserved by the native authorities in accordance with European standards, this police duty is commonly performed by some one of the developed countries, primarily in its own interests, but incidentally with beneficial results to the trade of all developed countries. Upon the consistent and regular performance of this police work, the continuity of national as well as international trade is vitally dependent, and all European States consider most important the assurance in some way of its performance in all undeveloped countries. Other things equal, the European Government which undertakes to keep order becomes a sort of trustee for all other countries and expects them to deal with the country in question through its own diplomatic machinery.

It is possible to call into existence economic conditions in undeveloped countries by the exportation from Europe of machinery and skilled labor. This juxtaposition of labor and capital with the raw materials, already in existence in the undeveloped countries but not utilized, is a sort of operation which armed force and political interference are peculiarly capable of performing. Invariably the citizens of the European

nation which undertakes this penetration demand from their own Government assurances that order in the European sense will be strictly observed and that the economic factors which they thus create shall be assured an opportunity for continuous operation for a sufficiently long period to justify the investment. Frequently such guarantees involve the establishment of military forces, of administrative regulations, the installing of European officials, before the continuity of peace in the European sense can be predicated. In particular the European country undertakes to protect its own investments from political or military interference by some other nation, intended, of course, either to disturb the peace, or to result in the repudiation of the debts contracted, or in a refusal longer to countenance the ownership of the concessions already granted. Once completed, however, such conditions are extraordinarily favorable and establish an abnormally lucrative trade with the creditor country which ordinary competitive business cannot affect. So long as the debtor nation continues to pay interest on the capital investment, or so long as the citizens of the creditor nation resident in the debtor country are able to export the product, the bulk of the trade of the newer country must flow to its creditor.[1]

[1] A fuller statement has already been made in Chapter II.

Nor will the profits of the trade accrue solely to the capitalists and merchants who are the direct beneficiaries. They are the agents by whose hands it is distributed to the nation at large. They will be more acutely aware of the existence of the new business than most individuals and will know more accurately its amount and the nature of the factors which created it. They will sense before others the appearance of forces hostile to it, but they will not necessarily benefit from it to a greater degree than any capitalist who creates new business. The familiar example of the miser and his gold shows how incapable every capitalist is of retaining even a major share of the real benefit. So long as he keeps his wealth it is of no value to him. To use it, to enjoy it, he must spend it, which means that he must distribute it, create to that extent a new market for the products of people who have not even heard of the colony. Thus, through the channels of business, the profit is diffused throughout the nation, increasing its production and wellbeing in every direction. Corruption and undue influence may enable some of the capitalists to rob others, but they cannot rob the nation of the same sort of benefit from the trade of the new colony which it receives from the extension of domestic trade, unless they hoard it or spend it in foreign lands. Even in the latter

case, a conceivable addition to the nation's trade must result. Normally, therefore, the new economic and political connection benefits the whole nation.

Such a relationship is also capable of stimulating new economic wants in the native population by the creation of new social habits and individual preferences. The Europeans suggest new methods of life and amusements which European products, clothes, food, and drink are needed to satisfy. Normally the tastes and preferences common in the creditor country will entirely govern the new social entity composed of immigrants and natives and will at once result in the expenditure for such luxuries of the greater part of the profit created in the new country by the use of European capital. Thus political influence and armed force create another expanding market in which the profits are abnormal.

The difference in the profits between staple goods and luxuries is common knowledge, but is too often forgotten in international relations. The trade in staple goods is governed almost entirely by the law of supply and demand in the international market, and commonly yields a minimum of profit approximating the cost of production, because of the severity of competition, although it is a trade in which the

mutuality of interests is so great that its continuity and the great number of transactions result in a considerable profit whose continuance is thoroughly well established. Luxuries, on the contrary, possess individual and preferential values which are less influenced by the cost of production. Intrinsic usefulness and the cost of production have little to do with the sale of automobiles and violins. The percentage of profit is ordinarily large, and in localities where competition is non-existent the exchange value may reach any amount which the natives are willing to give. A bolt of cotton cloth worth at wholesale a few cents a yard has been exchanged more than once for an elephant's tusk or rights in a gold mine.

Moreover, this sort of trade in a new country is one less open to competition than in developed countries, because social preferences differ and the particular luxuries of European countries do not find a ready market in each other's colonies. If the creditor country can practically exclude by diplomacy or force other social influences, and thus prevent the creation of new economic wants which it does not itself satisfy, the extent of profitable trade has been proved by experience to be almost without limit. It is this opportunity to influence economic wants and social preferences which most European coun-

tries are anxious to achieve and which furnish them very real excuse for political and military domination. In the strict sense, of course, these economic wants are not created by force, though it should be clear that the ability to exert military force is the effective cause of their existence.

Force can, therefore, perform many operations which will protect prosperity, either by accelerating the pace of development or by preventing its retardation. How great is the necessity for such an employment of force by the United States? In the immediate future there is no particular demand other than is required to maintain relations already in existence. The profits of business in America are still abnormal; the proportion of resources, still yielding far more than the ordinary rate of return, is sufficiently great to furnish us adequate opportunity at home for some years to come for the investment of all the capital that we can ourselves accumulate. It is the future which challenges our attention.

At the present rate of growth abnormal profits in the development of American resources will disappear before we have achieved that very real economic independence which is the goal of American effort, and will also disappear before the readjustment of American business to the

conditions of a highly developed creditor country has been finally accomplished. We do not at present need so much a location for present capital as we need to retain a location in which we may some day invest capital on these terms and obtain from it abnormal profits. The real danger lies in the determination of European nations to create by the use of armed force artificial conditions to their own advantage in practically all the undeveloped countries on the globe.

After all, the issue is relative and comparative, and the prosperity of America will rest in the future not upon the volume of business we ourselves transact, not upon the gross profit we obtain from it, but upon the ratio between the net profit earned in this country and in other countries. More and more business conditions are governed by the international law of supply and demand; more and more prosperity in the United States is becoming dependent upon economic conditions in the rest of the world. If by the use of armed force the European nations accelerate their pace of development, they will force upon us the necessity for similar measures. At any one moment there is in the world only so much business and so much profit. If they receive more, we shall have less. Not what we decide, but what they decide, governs the situation. If we do not

follow their example, they will mold conditions to our detriment; will set in motion economic forces which will reduce our rate of profit and retard American development. It is difficult for most people to remember that economic phenomena once created cannot be destroyed by force, and that the control which can be established of the trade of an undeveloped country by political influence and military force can be made so complete by the processes of economic development that even invasion cannot change the situation. An opportunity for the investment of American capital at present in undeveloped countries is not particularly imperative. It is essential that we should retain an opportunity to invest future American capital, when we have gotten it, in that same fashion which European countries have demonstrated to be so lucrative.

CHAPTER X

FUNDAMENTAL ECONOMIC DISABILITIES

Underneath any true and consistent conception of American foreign policy must lie an accurate analysis of our economic status in its relation to the international economic fabric. It has been customary to claim that the United States is now economically independent. In order to reveal the subtle fallacies involved in this statement, in order to show that, while we are no longer dependent in the sense of 1700 or of 1850, we are still by no means an independent economic entity in the European sense, a brief résumé of the economic relations between America and Europe becomes indispensable.[1]

When the true extent of the discovery of America became apparent in the first quarter of the sixteenth century, the magnitude of the opportunities for exploitation of the new realm were fully appreciated in Europe. The control of the seas by Spain, however, prevented colonization by other European powers, who, while

[1] A discussion of the economic disabilities which prevent the creation of an American merchant marine has been placed for purpose of emphasis in Chapter XV.

chafing against the measures adopted to exclude them from the new domain, were incapable of attempting more than pillage and interference. Spain chose to exploit Central and South America and left the northern continent comparatively free from settlement or conquest. When therefore the defeat of the Spanish Armada in 1588 resulted in the birth of a new power upon the sea, the legitimate result of the victory was seen in England to be an opportunity to develop this northern continent.

Moreover, the domination of the seas, maintained because of European conditions and resulting from battles fought in Europe, controlled always by a fleet in European waters, would make aggressive movements in the New World relatively unnecessary. In the main, attempts to interfere with the new colonies could be prevented by diplomacy and by war in Europe. Actions in the New World itself would ordinarily be inconclusive of more than possession, for if a recognition of ownership were to be extorted from European nations, it must be obtained by force exerted in Europe. The extremely moderate and infrequent use of force in America must, therefore, not close our eyes to the clear fact that British naval supremacy has been for three centuries the basis of the relations between North America and Europe. While the nature of the

sea power itself and its defensive policies have in the main made inexpedient the entire exclusion of other European nations,[1] it has promptly intervened whenever they attempted action detrimental to American interests. We know definitely of the plans of Philip IV, of Richelieu, of Louis XIV, and of Napoleon for the conquest of North America. The mere fact that we have not been conquered has been due to the strength of Great Britain and not to a lack of motive or desire on the part of other European nations.

Nor must we forget that in 1823 and in 1898 Great Britain stood between the Western Hemisphere and Europe and denied other nations access. More than once a powerful European coalition has been ready in the nineteenth century to undertake the extension of political influence in South and Central America only to find its plans frustrated by Great Britain's determined refusal to permit the use of the ocean highways for any such purpose. We shall not disprove the significant protection of the sea power by ignoring or denying it. Because we would prefer to have defended ourselves, let us not forget the fact that Great Britain made it unnecessary. It will also be well to remember that a power repeatedly able to defy the com-

[1] The character of the sea power and its relations with America have been treated at greater length in *Pan-Americanism*, Book I.

bined forces of great European nations was amply strong enough to have initiated itself policies detrimental to the United States

This country is indeed a peculiarly clear example of the use of force for the establishment of economic relations of an abnormal character which it is at present the aim of European nations to establish with undeveloped countries. The supremacy of the sea provided for English capitalists and colonists in this country that definite assurance of future protection which is today assumed to be so necessary. By this immigration and investment of capital, thus protected, were created new social entities, whose natural habits and normal social preferences established an economic demand which the mother country only could supply. The Navigation Acts were to tighten those bonds by compelling the trade of other nations with the new colonies to pass first through English hands. Legislative and administrative measures were thus from the first designed to develop new markets for the trade of the mother country of a type which did not exist in Europe and whose trade would be abnormally profitable and desirable. Fundamentally, America is the result of the potential exercise of force by the sea power.

At the same time the factors set in operation were entirely economic in character; the abnor-

mality of the situation lay in the degree to which their normal growth and operation were hastened. Profit can result only from the application of labor to capital, but the virgin resources of a new continent almost unexampled in richness could obviously be developed as fast as labor and capital could be applied. The sea power and all other applications of force could merely insure the juxtaposition of the two and the continuity of their operations. The extraordinary rate of American development has been due to the extraordinary supply of labor and capital. There were no fundamental obstacles to be overcome.

As decades passed, this abnormal supply, instead of diminishing, increased. Each year Europe poured in constantly larger investments of capital; each year immigration brought us artificial supplies of hands, already skilled and diligent. In time the great inventions of the eighteenth century added the efficiency of machinery and increased the rate at which labor developed the existing resources. The railroad and the telegraph threw down the great barriers which the difficulties of overland communication had erected in the path of American progress, while farm machinery and new devices for manufacturing made fewer and fewer hands able to perform the work earlier the task of many. From

the tariff came further artificial stimulus and assistance. Students are agreed that significant industries were provided with their initial opportunity by the tariff and were thus helped over the first period of development. If there is a country in the world whose growth has been abnormal, it is the United States; if there is a country in the world whose abnormal growth has been due to the protection of armed force, it is the United States.

The thoroughness of the work of the first centuries and the depth of the influence of the sea power become clear when we realize that the severance of the political tie with Great Britain made no fundamental change in the social habits and preferences of Americans. English we were and English in the main we are still. While in certain localities other European traditions predominate, it has been due to immigration from that country, to indirect influence, and never to the exercise of political authority or of military or naval force. French armies and navies aided us in achieving political independence, but the great influence of France upon our customs and laws has been the slow work of precept and example operating through individuals. From Germany in the nineteenth century came strong currents of philosophic, musical, and academic stimuli, but due again to

Germans migrating to America and to Americans traveling abroad. Sweden, Norway, Russia, Italy have similarly added to the complex of traditions from which an American fabric is being woven. Yet the definite trend of American development is still unmistakably Anglo-Saxon, our social habits and preferences are still preponderantly English, and the closest normal bond is still that with Great Britain.

The economic dependence of America upon Europe was dire until about 1830. Civilized life in the New World was absolutely dependent upon the importation from Europe of manufactured goods. While as the decades passed certain industries appeared here and there, at the time of the Revolution America had no indigenous supply of manufactured goods adequate either in amount or in quality. George Washington wrote in anxious inquiry to a friend in Philadelphia, at the time when non-importation agreements were in the air, to learn whether or not cloth could be purchased in America suitable for his clothes and querying the existence of a tailor capable of rendering his appearance presentable. As a civilized community, indeed, the colonists had been entirely dependent upon manufactures from abroad and the new republic was for several decades not more capable of supplying its most immediate needs.

Nothing was produced, however, in America which could be exchanged in Great Britain for the manufactured goods desired. Of the principal products — salt fish and lumber in New England, flour in the Middle States, tobacco and indigo in the South — only the latter were salable abroad and the planters soon discovered that the amounts which the European market could absorb of both in any one year were limited. There was in fact no adequate medium of direct exchange between the colonies and Europe, because the commodities produced in America were also raised in great quantities in Europe and ocean freights were prohibitive. No other means of exchange than commodities existed. Some sort of coinage was attempted and foreign coins did circulate to some extent, but so disadvantageous was the economic situation that no European coins remained in America except those too debased to be acceptable in London. Our dependence was so extreme that there were utterly no redeeming aspects of the situation. Either America must renounce social intercourse and the habits of civilization or buy the simplest necessities in a European market which declined to accept what most colonists had to sell.

The first solution of this lack of a medium of direct exchange was found in the existence of the British sugar colonies in the West Indies, where

the profits in the raising of cane were so enormous as to cause a disregard of the necessities for sustenance. Consequently the food products and lumber of the continental colonies found a market in the British sugar colonies, whose rum, molasses, and sugar had a ready sale in Europe. From the proceeds of this indirect exchange the colonial merchants bought in England and elsewhere the goods desired in America, and with the profits purchased new supplies of foodstuffs with which to continue this triangular traffic.

Another need of the West India Islands made possible trade with Africa. The hard work on the sugar plantations caused an abnormal death rate among the negro slaves and created a flourishing market for new supplies of negro labor. Indeed, the colonial merchants established an extraordinarily profitable business in the exchange of rum for negroes and African produce. Thus invited, American merchants invested in ships; the adventurous life attracted very able men; over the trade, moreover, was spread the ægis of the British Navigation Acts, and behind it stood the potential might of the British navy. For these reasons it prospered wonderfully.

In the eighteenth century, however, the development of the continental colonies resulted in the production of an amount of commodities in excess of the demand for staple products in the

British sugar islands. Moreover, the demand in America for European goods had become greater than could be purchased with the exports of the British sugar islands alone. A new market for colonial goods was essential if the rate of development in America was to continue and if prosperity as Americans were beginning to understand it was not to be destroyed. A smuggling trade in defiance of British regulations, as well as those of other European States, was begun with the sugar colonies of the Spanish, French, and Dutch in the West Indies. It too proved lucrative, but interfering obviously with the degree of profit in the British sugar islands, became the subject of complaint in England. Legislative and administrative measures were undertaken by the British Government to suppress it, and the British navy proved its efficiency against the smugglers.

The result was a widespread demand in America for an extension of the rights of trade, and the opinion was advisedly expressed by many of the leaders that American prosperity in the most literal sense depended upon complete freedom of access to markets regulated by abnormal economic conditions.[1] The enactment by Great Britain of administrative measures in-

[1] These propositions about American history have been developed at greater length, with contemporary citations, in Usher's *Rise of the American People*, Chapters VII to XVI.

tended to enforce strictly the exclusion of the colonies from foreign sugar islands was declared by men at the time to be a chief cause of the American Revolution. It seemed to the colonists that the difficulty lay in the political connection with the mother country which obligated them to obey such legislation as Parliament passed. Once independent, and therefore absolved from British regulations and legislation, they fancied that trade with the undeveloped markets of the West Indies would be open to them.

The success of the Revolution, to the astonishment of the patriots, wrought disaster and not prosperity. They had apparently been blind to the fact that the real obstacle in the way of freedom of trade was the British navy, whose operations they found to their astonishment were not in the least impeded by victories in New Jersey and Virginia, nor by the temporary presence of the French fleet in American waters. American merchants had now no privileges in West Indian markets. Nor were the strained relations with Great Britain assisted by the very general repudiation of private and public indebtedness after the close of the Revolution. Capital no longer arrived from abroad; the development of the country came momentarily to a standstill, and the first severe commercial

crisis which America had known produced so great a reaction in favor of strong government and honesty that the Constitution was drafted and adopted by the moderates, and the debt of both States and nation refunded by Hamilton in order to reëstablish the credit of America and thus insure for the new republic an adequate supply of European capital.

The success of these measures was assisted by the prompt discovery of a new medium of direct exchange with Europe. The outbreak of general European war, removing from the fields a great number of men, upon whose services agriculture was then immeasurably more dependent than it is to-day, produced a war market for American grain at such prices that exportation became not only possible but profitable. The chief market was in France, because the British fleet held open for Great Britain her ordinary sources of supply, among which the United States was not at that time reckoned. To France therefore American merchants attempted to ship their produce, and with this trade the British promptly interfered. Having control of the sea, they did not purpose to allow their own chief enemy to obtain the wherewithal to oppose them so long as they were able to prevent it. Once more the United States attempted, first by means of an embargo and then by actual war upon Great

Britain, to prevent the interference of the British navy with our access to abnormal markets. Again the futility of our attempt became only too apparent. Nothing was achieved by either embargo or war but further difficulties for the United States.

In 1815 the situation was worse than ever before. The market for American produce in Europe had disappeared with the coming of peace; the old methods of exchange through the West Indies were hopelessly inadequate; the home market was flooded with cheap European manufactured goods; but as access to the favorable markets in which to sell was no longer to be had, it was impossible for American merchants to take advantage of the favorable market in which to buy, which existed at their very doors. Moreover the new American industries were threatened with dissolution because of their inability to compete with the better organized European structures. Just able to make things at all, we were not able to make them efficiently and cheaply. The Government however declined resolutely all British offers of compromise with regard to the West Indies. Freedom of trade or nothing we would have; the fullest extent of American privileges and theoretical rights, or nothing at all.

At last, about 1830, the cotton culture in the

South provided the United States with a product for which the demand in Europe was sufficiently elastic to answer our needs for a medium of direct exchange. Apparently the European demand was inexhaustible and it became clear that the United States might expand its trade with Europe as fast as the output of cotton could be increased. Naturally we could not buy in Europe more than we could pay for, but we could buy always the equivalent of the cotton crop. So essential indeed was cotton believed to be that for nearly a generation Southern statesmen were able to obtain in the national councils practically all they desired by the mere threat of withholding the supply, and in 1860 it was fully believed in the South that the imperative necessity for this medium of direct exchange with Europe would prevent the North from crushing their revolt. By economic pressure they would bring the North to her knees. Their calculations were upset by unexpected economic conditions. The crops in Europe failed in those crucial years; the connection between the new grain fields in the Mississippi and Ohio valleys with New York furnished by the new railroads proved adequate, and the North was able to continue direct exchange with Europe by means of exports of grain.

Meanwhile the problem of domestic exchange

had been partially solved by the discovery of gold in California. Hitherto gold had been kept in the country only with the greatest difficulty, because the balance of trade against us was so very heavy that anything possessing exchange value in Europe commonly was exported at once. Only by slow accretions could an adequate supply of gold for a domestic currency have normally been accumulated, and already American financiers had begun to despair of ever achieving such a supply when the increased amounts exported from California set their minds at rest. At last the United States had attained a firm medium of domestic exchange of its own, dependent upon its own supply of gold, and less subject than before to the influence of the European markets.

The development of the country since the Civil War, the continued influx of labor and capital, have finally ended this first phase of economic subjection to Europe. The old dependence has vanished never to return. We are no longer in any sense dependent upon Europe for the elements of civilization, for the necessary supplies of those manufactured goods imperative in the pursuance of educated and enlightened social intercourse. A medium of direct exchange is assured beyond a peradventure, less, however, by the development of the industrial fabric in

America than by a significant alteration of conditions in Europe. Once the railroad and steamship had proved the possibility of rapid and dependable communication, once the new farm machinery had proved that American farmers could continue to raise adequate supplies of cheap corn, the production of food staples in Europe was to a large extent abandoned. A permanent market now exists, because the European has decided to depend upon America for a large portion of his staple goods. It is not so much that we have changed as it is that Europe has entered upon a new phase of economic development. Nevertheless we are at last an integral and indispensable part of the modern interdependent international economic fabric. We are necessary not only to European prosperity as in the early centuries, but to European existence. We perform an indispensable part in the normal interchange of goods between nations. Yet it is upon our staple goods rather than upon our manufactures that Europe relies.

While the old dependence has gone forever, a different type is still existent. The interdependence of the international fabric tends to create the idea that its parts are of equal importance and to conceal the divergence in economic development between nations. The mere fact that the United States is of consequence in

the economic world, a factor no longer negligible and permissive, must not hide from us the equally definite fact that we have not yet acquired economic equality with England and France, nor that degree of industrial development attained in Germany. The present communities arrange themselves in certain groups. When we compare their actual development we find those in which manufacturing and the arts have attained elaborate development; we find again those countries where agricultural conditions still predominate and the more complex phases of economic life are as yet secondary in importance; and we find also countries where no complex development is visible, and still others where it seems unattainable.

Unquestionably the United States belongs in the first group, for our economic development has reached that complex stage characteristic of the most advanced nations in the world. Yet because we are so obviously more advanced than South America and the Balkan States, so far removed from conditions in China and Egypt where manufacturing is as yet rudimentary, we tend to lose sight of the difference in economic condition between us and other States also in the first rank. On the one hand stand Great Britain, France, Belgium, and Holland, the creditor countries, elaborately developed from the pro-

ceeds of their own industry. On the other we see Germany, Austria, Italy, Russia, the United States, and Japan, in which approximately the same conditions have been produced by means of borrowed capital and skill. These are the debtor countries, who still owe the capital investments to which their great growth is really due. While our factories and railroads are not less real than those of France, they are not yet assets, for the loans which produced them have not yet been paid. It is a fallacy, therefore, to suppose that those countries are creditor countries whose imports exceed their exports, or whose total output compares favorably with that of other nations, or whose populations enjoy practically the same economic satisfactions as those of the most highly developed countries. Those only are creditor countries whose total assets are greater than their liabilities, who are owed by other nations and their citizens more than they must pay to other nations and their citizens.

The United States is still a debtor country, because we owe European investors greater sums than are owed to us. Once our imports invariably exceeded our exports because, like most undeveloped countries, we were thus receiving enormous capital investments and were able to repay only the interest. For forty years and more

our exports have exceeded our imports because, like all undeveloped countries whose industry has finally become established, we are paying our debts in exports over and above the normal exchange of commodities which the advanced development of the country creates with other highly developed nations. Exports also stand for our own investments outside the United States, which have within recent years reached considerable figures.

The present war has created an artificial demand for American manufactures in Europe far more considerable than the sum total of commodities they are at present able to exchange. Their inability to cancel in the normal way their purchases [1] has enabled us to buy back our own securities faster than normal conditions would ever have permitted. At the same time the assumption of a total canceling of the

[1] It seems scarcely necessary to add that Great Britain and France borrowed money in the United States not in the least because they supposed us a creditor country, nor because they needed our supplies of capital to enable them to finance the war. They wished to purchase goods of American merchants and could not remit goods themselves. They had therefore to place a loan in America with which their American creditors could be paid. In reality, it was a deferred payment: American bankers, who could wait for their money, paid American business men who could not. The whole operation proved clearly that we have very little capital which is not imperatively needed in American business. The large bank deposits in recent months do not indicate surplus capital, but merely the amount of capital, normally used in American business, which the late stringency caused men to withhold from investment.

American indebtedness is too optimistic. We cannot in fact pay off our indebtedness faster than we can produce commodities valuable in Europe. The total exports of the country will in no case indicate the rate at which our indebtedness is being paid, because vast quantities are still exported in the normal routine of international trade. Only our increase of exports over the normal total is payment of our indebtedness. That we should be able to manufacture in this country within any brief period any such value in commodities, over and above our own normal output, as our indebtedness to Europe at the outbreak of the war represented seems incredible, even though the Europeans are comparatively incapable of exchanging commodities or of dispensing with our exports. Nor can we become a creditor country until all is paid.

Attempts to calculate our indebtedness have been made with increasing frequency within the past months. Recent computation has shown American railroad securities alone owned in Europe at the outbreak of the war to the total of two and one half billions of dollars. The British Chancellor of the Exchequer stated our indebtedness to Great Britain in 1914 at five billions. It seems probable that we owe in France about half as much as in Great Britain, and very considerable sums in Belgium, Holland, and Ger-

many. The difficulty of reaching any figures even approximately correct lies in the impossibility of ascertaining accurately the proportion between the funded debt of corporations and the unfunded obligations of individuals. It seems probable from recent international events that the unfunded debt of the United States, owed by its citizens to the citizens of foreign nations, for the most part in short time loans and mortgages, reaches a total much nearer the equivalent of our funded indebtedness than statistics reveal. Probable computation shows that the United States has in the last year purchased its own securities abroad at favorable figures to a sum total of one billion and a half. It seems, however, not possible for us to continue to absorb our own securities at any such rate, and, even should we do so for several years, we should still be in debt to Europe, for it seems hardly credible that our debts at the outbreak of the war, funded and unfunded, national and private, were not in excess of ten billions of dollars. The investments of the United States in other countries are probably not in excess of two billions of dollars, the major part of which is in the Gulf of Mexico and Central America.

Even should our actual indebtedness be canceled within a brief period, our economic fabric would still be appreciably less varied and efficient

than the industrial fabric of Great Britain, France, Belgium, and Germany, although the United States is certainly far more advanced than Hungary, Russia, Italy, or the smaller European States. So far as staple products are concerned and the cheaper varieties of manufactured goods, we successfully compete with any nation in the world. The finer and more elaborate products of European industries, which constitute a large proportion of the commodities exchanged between nations, we are not yet able to make at all in competition with Europe. Most we are physically able to produce, but we are not yet capable of that same degree of skillful and efficient artisanship necessary to produce them as cheaply. In fact, American industry, like American agriculture, has been extensive in the broadest sense of the word, and the value of cooperation, of intensive work, of careful planning, and of cautious operation have not been appreciated.

We are therefore economically inferior to the best organized European States and are not able to compete with them on equal terms in European and non-European markets. Where the price is identical the quality is not; where the quality is the same the American price is usually higher. Furthermore, the same degree of standardization has not been common in America

as in British, French, and German industry, and a lack of uniformity in the product and a tendency to deteriorate the quality as soon as an extensive sale is assured have been detrimental to an extension of our business interests in foreign markets. Inadequate packing, resulting in the arrival of damaged goods after a journey of thousands of miles, the inaccurate making of bills so common in the United States have also cost us many customers located at a distance. We have not yet learned to compete in quality, promptitude, accuracy, and efficiency with the great European nations. We are not yet their equals in economic development.

We are not yet able to undertake direct trade with many countries because our economic fabric is not yet varied enough to enable us to utilize sufficiently large quantities of the raw products which those countries must export, nor to exchange sufficient quantities of our own manufactured goods of the desired quality. Direct trade must rest upon the ability of each to obtain precisely what it needs. So far as the United States is concerned, the difficulty is less in our ability to produce manufactured goods which would be salable as in a very decided inability to use an equal amount of that country's raw produce. It has not yet dawned upon most merchants in this country that if we sell to other

countries we must buy from them. The mere fact of the existence of a market in some foreign country for what the individual has to sell, will not enable him to sell there until some other individual in the United States is anxious to buy there.

We are not yet able to establish with most parts of the world a direct trade as profitable to merchants in those countries as it is to us. In the main we still pay our bills by an indirect exchange of commodities not less roundabout than was common in the eighteenth century. Our bulky produce we sell in Europe and buy with it non-European produce which the European nations themselves purchase in Asia, Africa, and South America with their own manufactured goods. The financial transaction is performed by English, French, and German banks largely because of the indirect exchange of commodities.[1]

We do not yet possess supplies of American capital in sufficient amount for the development of trade on a large scale with those semi-developed and undeveloped countries where investments are an imperative prerequisite of the

[1] The complexity and simplicity of international trade are neither of them exemplified in the cases of individual merchants, for some may trade indirectly with countries with which the bulk of American trade is direct, while others may trade directly with South America and Asia, despite the fact that the great bulk of American trade to both is indirect.

establishment of direct intercourse. Large sums have been invested by American citizens which did not represent American capital. The sum total of investments outside the United States in any one year must be counted off against the sum total borrowed in other countries. So complex to-day is international finance that German enterprises in Asia Minor are in part owned in the United States, while some American mines in Mexico were (till recently) operated by American capital borrowed in London. Until the supply of capital in America, resulting from the profits of our transactions, has become very much greater than it is at present, no invasion of the foreign investment field can take place. A corporation was recently formed for the development of American business interests in foreign countries with a capital of fifty millions, a sum which the press supposed extraordinary. Yet British and French investors have not infrequently loaned as large an aggregate to a single country in a single year. Some notion therefore of their total investments in South America, Africa, and Asia, on which their trade depends, can thus be obtained. Nor can we develop as large a direct trade with Brazil, for instance, until our own capital investments become, not merely considerable in actual amount, but equal to the total investments of other countries.

One fact alone demonstrates the inadequacy of our supply of capital compared to that in Europe — the high rate of return which can be obtained in America with safety. Like everything else, capital is fundamentally governed by the law of supply and demand. In America the demand commonly exceeds the domestic and foreign supply and capital is more expensive than in the European money markets, where the supply invariably exceeds the domestic demand. It is not advantageous for us, nor for the merchants of undeveloped countries, to loan capital to them at the rates for which it is easily obtainable in London and Paris. If there were enough capital for sale in America to enable us to make in undeveloped countries sufficiently large investments to effect fundamentally their economic conditions, its price in this country would be much lower than it is and reliable investments would be less difficult to secure. Until therefore we have an annual surplus of our own capital open to foreign investment at least considerable enough to affect the international market, we shall not be able to compete with France and Great Britain on equal terms.

The day is probably not far distant when these final evidences of economic dependence and inferiority will disappear. The recent accumulations in American banks within a brief

period, due to business conservatism, show what considerable sums are commonly utilized in American business and how vast the net profits in American enterprises are becoming. Our ability to absorb over a billion and a half of securities without apparent effect upon the American market is a hopeful sign of coming independence. Nevertheless that day has yet to dawn. A fundamental postulate of American foreign policy must be for the present the economic inferiority of the United States when compared with the most highly developed European nations, the inability of the United States to compete with them on equal terms in the markets of undeveloped countries. Fortunately until we become able to compete in fact, our need for extensive trade in such quarters is slight.

CHAPTER XI

THE PRICE OF ISOLATION

To many thoughtful people the eminently desirable object of American policy is the discovery of some avenue of escape from the maelstrom of the world with the precious talent entrusted to the United States in the interests of civilization, to bury it in secret, and somehow exclude the rest of the world from this garden between the oceans. Shall we not follow the wise counsel of Washington and Jefferson? Must we not keep ourselves from the infection of this riot of criminal bloodshed already drenching Europe with the young manhood of the future? Is it not a simple matter to continue the isolation which already exists?

The scheme of preparedness advocated by many societies, like the notion of isolation sounded in the President's message to Congress of December, 1915, assumes an intention of protecting our isolation of Europe, of preventing the disturbance of American interests and ambitions by European interference. By isolation we mean the right of the United States to develop

in its own way without being influenced or disturbed by European entanglements or wars. Necessarily it involves the prevention of their attempts to interfere with American policies, however indirectly; our ability to keep them on the other side of the Atlantic, however strong may be their desire to cross. It will be idle for us to attempt to convince the Europeans that isolation does not claim independence of Europe and an ability to disregard their interests, policies, and ambitions.

Indeed, the position which the diplomatic notes of the United States have reiterated during the past year is not far short of a complete independence of Europe. We have already attempted an extension of rights and privileges which only an unquestioned independence can establish. At a time when we possess by our own confession no armed force adequate to compel the recognition of American rights by any European nation, when we are dependent upon the sea power for our entire access to the world and for our financial relations with foreign customers outside the large European centers, we none the less insist upon receiving from Great Britain privileges that country has repeatedly declined to grant to the most considerable armed powers of Europe. The denial by the majority of American citizens of the righteousness of Germany's

national aspirations is vehement, yet we have demanded from her the voluntary recognition of an extension of American rights, the acceptance of which by her will entail the sacrifice of methods of warfare which a majority of the German people believe imperative to maintain her territorial integrity and actual independence.

This is the traditional policy of the United States: to insist upon privileges from European powers without an apparent appreciation of the effort requisite to secure their concession.[1] At every great crisis we have asked from Europe what we had no ability to extort — and have invariably failed to attain our end. In 1775 we demanded freedom of trade with the West Indies; we won the Revolution but lost all rights in the Gulf. In 1812 we insisted upon freedom of access to France, upon the immunity of American ships from Great Britain's regulations, and after three years of war — secured nothing. In 1823 President Monroe was understood in Europe to defy Great Britain to extend her influence in South America; the Doctrine was futile, for Great Britain practically took possession of

[1] I am expressing here no hasty judgment and I beg the reader to accord it more than casual attention. The well-known facts of American history and diplomacy are the proof of its accuracy and are established by the cumulative work of three generations of historians. Not the facts, but the deduction is what seems to us incredible. It does seem incredible, but I ask advisedly, is it not true?

South America, though she preferred for reasons of her own to establish no political dominion.[1] We insisted upon rights extensive, if not exclusive, in the Gulf and in Central America, and in 1850 signed the Clayton-Bulwer Treaty explicitly renouncing any privilege Great Britain did not also have. More recently, despite protests whose language was both clear and determined, the German submarines continue to torpedo passenger ships and the British Government enforces its stringent restrictions upon neutral trade. It is high time that the American people began to realize that such diplomatic traditions can be maintained only by the most literal independence of Europe, can be initiated with probability of success only when the United States is able actually to extort acceptance from unwilling nations.

If the United States, under present economic conditions, maintains its traditional policy of no formal alliance with European nations or coali-

[1] It has been usually claimed therefore in the United States that Monroe merely forbade an extension of political dominion, and that the Doctrine had accomplished all that was expected. This may be true, but it will not alter the fact that Great Britain's true reason for refraining from conquest was the colonial policy adopted after the American Revolution, the cardinal tenet of which was the inexpediency of retaining a control to which the inhabitants objected. In accordance with it, Great Britain established that sort of relation with South America which the natives found most agreeable, and which included a full recognition of their political independence.

tions, and reiterates the position of the administration during the last months, it will be understood in Europe to imply an intention to disregard European policies and ambitions. Without doubt the attempt to obtain a recognition of the fullest possible extension of American rights and privileges spells aggression. It is of the first consequence for us to visualize the meaning of independence of Europe and to remember that nothing less can maintain our traditional policy of isolation or our recent diplomatic utterances.

Necessarily we must be ready to perform adequately for ourselves all those services which various European nations at present render. A league created by many influential citizens advocates economic pressure as a method of advancing American interests, and apparently a large section of public opinion believes that the United States can in that way coerce Europe. There seems to be no realization of the truth — Europe can with the greatest ease coerce the United States by economic pressure. In reality America is economically dependent upon Europe, can remain isolated only if Europe allows it. European ambitions and not American interests govern the international situation, and so long as their economic fabric is so much stronger and better organized than ours, they may coerce us by economic methods at will.

Of the extent and imperative value of the services which we are unable to perform for ourselves there seems to be only too general ignorance. American foreign trade is carried, with the exception of a negligible fraction, entirely by foreign merchant marines,[1] upon whose continued service our whole future contact with the rest of the world absolutely depends. We do business directly only with a few of the largest European countries and are dependent upon European exchange for all trade with the smaller European nations and with practically the rest of the world. Indeed, when the outbreak of the war for the time being suspended the activities of London and Paris banking houses through which American merchants commonly dealt with South America, Asia, and Africa, the United States was unable to take advantage of the tremendous commercial opportunities simply because its merchants could not make financial arrangements satisfactory to their possible customers. While the number of short time loans placed by the United States in Europe is not as considerable as the volume of such transactions between European countries, the connection of the New York Exchange with the great European financial centers is neverthe-

[1] The heavy registered tonnage of American merchant shipping is engaged in our river, lake, and coastwise trade and must not be confused with the few ships devoted to foreign trade exclusively.

less so close that at almost any time the current business of the United States could be sadly crippled by a concerted movement from Europe for the calling in of American loans. An even more extended influence could be exerted by the sale of American securities in European markets, compelling the United States to suffer the serious consequences of a financial panic because of its inability to liquidate its debts on demand.

In 1911, by such economic pressure, Great Britain and France brought Germany to her knees and were even able to prevent her from having recourse to arms. The greater strength of the European financial communities, the comparatively greater development of their industrial fabric, make economic expedients possible for them which are impossible for us. We cannot retaliate, for we perform for them no services upon which they depend, nor do they buy in this country any product, except cotton, which cannot be obtained in sufficient quantities elsewhere after a brief delay. Enough cotton even is always on hand in Europe to supply the factories for some months. Long before the expiration of any such period the United States would have been compelled, as a weaker economic country, to yield.

The impression seems to prevail still in many quarters that the expedient adopted in 1808 of

an embargo on exportation would afford the United States an effective method of putting pressure upon Europe, or of meeting such an attempt by Europe to utilize economic weapons against us. The lamentable failure of the Embargo of 1808 has had apparently no lessons. The truth is indeed simple. American prosperity is entirely dependent upon marketing our staple products, which we cannot ourselves consume in any such quantities as we produce; only the European market is adequate, and upon it we are literally and absolutely dependent. Does not the result upon the South of an inability to market more than a portion of the cotton crop during the last year indicate sufficiently how extensive and appalling a commercial disaster would fall upon this country if we ceased for a few weeks to export all products to European markets? Whatever the Europeans might suffer — and suffer they certainly would, whether we put pressure upon them or they put pressure upon us — we should suffer first and most.

From the possibility of economic pressure nothing can deliver us now or in future except the achieving of economic independence, which is attainable only by slow development. Armies and navies cannot create it, nor can they ever obviate entirely the disabilities which its absence make inevitable.

The magnitude of the measures necessary to enable us to perform for ourselves those economic services which the Europeans now perform for us by no means completes the prerequisites of independence. When we have once created a merchant fleet adequate in size to carry the whole of our imports and exports, a navy to protect this fleet in transit will be absolutely essential. We must then possess an army sufficiently large to repel from our shores any invasion which the navy was unable to defeat on the ocean. When we talk of obtaining independence of the sea power,[1] the price to be paid will not in the least be one which we may predetermine, but that value which the sea power itself sets upon its control of the ocean highways. Great Britain's idea of the importance to her of the control of the sea, Germany's evaluation of the usefulness of the control of the ocean highways to her own development, will necessarily indicate the price we shall be compelled to pay if we purpose to take from either power enough of its control of the seas to render ourselves independent in fact.

The right to advance American interests to the maximum extent in times of crisis also involves our ability to interfere effectively in

[1] Independence of all the world except Great Britain is of course not independence at all and least of all isolation. This is so obvious that Europeans marvel at the frequency with which the idea is expressed and the value which it seems to have for many people.

European affairs, for which we must pay not merely the value we ourselves set upon the American rights and interests threatened, nor the money we happen to have, but the value which European nations assign to their own right to decide European issues for themselves. Nor will this need for independence be measured by normal conditions. Normally the need for independence will not arise; the mutuality of trade between Europe and the United States will secure for us access to all markets in which trade is advantageous both to the Europeans and to us. The true measure of adequacy will be the exigencies of great crises, when the normal operation of economic factors is for the time being suspended by the pressure of other interests. Even in the times when European States are in great danger, we must still be ready to compel them to respect American interests by the force we are able to exert. Naturally this will require a strength on sea and land at least sufficient to imperil them and will necessarily make us sufficiently strong to interfere conclusively in European affairs. Unless we are at least able to hold the balance between European coalitions, our strength will be insufficient to imperil either.

In such an eventuality, the United States will become the controlling element in world politics. Less than this will not be independence. Less

than this will not preserve isolation. So much the Europeans will not concede us without actual war. This is no matter of armament which we may ourselves build at will without let or hindrance. They will never countenance the creation in America of sufficient armament and economic power to render us independent of Europe without forcing the issue in actual warfare, and any such elaborate preparedness, apparently involving independence of Europe, will be promptly interpreted as aggression, will be dealt with accordingly, and will consequently thrust upon us preparations adequate to meet such armament as the European nations will under those circumstances undertake in their own defense.

Nor must we forget the physical weakness of our strategic position. Much skepticism exists (outside military circles) as to the possibility of an efficient military invasion of this country by European powers. These same individuals seem to have no doubt whatever of the ability of the United States to compel recognition by European nations of propositions which they decline to accept. Natural factors make it precisely as difficult for us to invade Europe as for Europe to invade us. As a matter of fact, the invasion of the United States by Europe is physically simple; if we possess the necessary forces, it is physically an easy enough matter to land them

in Europe. The true issue is the amount of necessary armament. Because of our military weakness, very moderate forces will suffice those who invade us; because of their strength, coercion of Europe by the United States is literally impossible. It is beyond sane international thinking.

The size and efficiency of armament which independence will require of the United States is to be dealt with in no figures or round numbers, nor is it to be comprehended in a single scheme whose adequacy can be ascertained by scientific computation ten years in advance. All armament is relative and comparative; the United States must arm in comparison with the size and efficiency of existing and probable European armies and navies. Independence will mean not a navy but the maintenance of a certain ratio of strength, and will involve therefore an expense which we cannot in the least predicate in advance, because it will be determined by the size and efficiency of European forces, which we cannot beforehand know. In any case, it means ships not by units, but by squadrons; armies not by corps, but by divisions; artillery not in hundreds, but in profusion; ammunition without limit, and all the other innumerable things in like measure which the experience of the past months has shown indispensable in warfare. Behind such armament must stand trained officers, skilled

administrators, hospital and surgical organizations, and the vital and elaborate industrial mobilization essential to keep such an army and navy in action.

Armies and navies, moreover, are not in themselves realities, but are merely the hands of the nation, no stronger than the economic and industrial fabric behind them. It is the nation itself to-day which must fight. It is the nation itself which must prepare. The military and naval prerequisites of independence demand, in fact, a complete and searching transformation of the United States in all matters administrative and industrial. Our present economic strength is vast but potential. Our industrial fabric lacks efficient correlation, coördination, and all those capital qualities which the experience of the last year has shown Great Britain and France to be absolutely essential for the prosecution of modern warfare.

For independence a degree of extended effort is necessary which could not by any probable computation be achieved in less than half a century. We have not at present even the nucleus of an army and navy of such size and quality. Any such number of factories as must at once undertake the manufacture of munitions, even the war orders have not created. Yards in which to build simultaneously so many ships are not in

existence. Whence, too, are to come the skilled hands and fingers, the able intellects to construct rapidly such intricate organisms as modern artillery and battleships? Iron and steel, wood and leather we possess. It is the human element we lack, the sort of labor needed to apply to our capital. Only long years of effort can possibly produce ships, munitions, soldiers, sailors, officers, administrators in any such numbers as independence presumes. We have our whole domestic fabric to reconstruct, our finances and traditions to unlearn and outlive, our industrial fabric to tear up by the roots and correlate upon an entirely new scheme. The whole object of the national life must be changed and a concerted, conscious effort toward independence become the single aim of national, State, and private endeavor. Nothing less can achieve it. Even so great an effort over so long a period as half a century may still fail to attain it.

Indeed, isolation spells independence, and independence spells Pan-Germanism. We must not fail to see that such an object is indeed identical with the policies and ambitions which have been so roundly condemned in the United States in the last year. The aim of German statecraft is simply independence — their ability to advance German policies without necessarily regarding the interests of other nations, the right

to stand aloof if they desire from European coalitions, the right to choose peace when others thrust war upon them, to be beholden to no man for their privileges, to hold nothing upon sufferance. For Germany independence is at least explainable. She is located between other powerful nations and may conceivably, by a coalition of her neighbors, be conquered and thereby lose her territorial integrity, her political independence, and that greatest of all attributes of sovereignty — the right to choose. The violence with which other nations have denied the adequacy of this defensive motive for German policies of independence will give an adequate idea of their attitude toward a similar program of independence for the United States. If Germany's policy of expanding her influence to protect her independence be aggression, American independence, in the sense of a right to extort recognition from European nations of American interests and policies, will certainly be interpreted as an intention to dominate Europe and rule the world. Yet on no other terms can we maintain isolation.

CHAPTER XII

INEXPEDIENCY OF INDEPENDENCE

So extended an effort as the attainment of literal independence of Europe requires is not expedient to defend either American democracy or American interests. It means the sacrifice of the substance of American democracy to preserve its shadow; the abrogation of the present meaning of the right to choose in an attempt to defend it; the destruction of our political and social organizations in an effort to protect them. In the broadest sense independence, isolation, mean militarism, and therefore possess prerequisites definitely contrary to the non-military traditions of American life. While we have not been in truth a peaceful people, nor yet a people willing to forgive offense, we have been as a nation a people averse to that sort of discipline and sacrifice which militarism involves. If one thing is definite and clear in the American public mind to-day, it is a determination to sanction nothing of the sort. In the broadest sense, therefore, independence, the unlimited exercise of the right to choose, is inexpedient.

Such preparations as independence demands also mean aggression and are definitely contrary to our oft-expressed abhorrence of conquest, or of an attempt to force from other nations that which they definitely decline to surrender. Great sections of the community in America have looked favorably upon propaganda for permanent peace, have subscribed to the substitution of arbitration by international courts for an appeal to war. That the great majority no longer agree with pacifism as the professional societies advocate it is fairly obvious, but their leanings toward pacifism will prevent a decision in favor of schemes or policies essentially aggressive in nature. Independence the American people have already condemned unsparingly and in no doubtful voice. It involves the same type and variety of effort, the same centralization and definite direction by the Federal Government, the same planning and preparing for which Pan-Germanism stands. The latter a majority of the American people unhesitatingly reject as unworthy of a great nation, and such sections of the community as do approve seem to be in the minority.

The inexpediency of independence is also made clear by the extent of the transformation of industry required and the elaborate reorganization of our administrative fabric which would

become imperative. Both are flatly contrary to all American administrative and legal traditions. Both demand the correlation by a single power of all the activities of the nation. Both mean a total change of direction in the ideals and aims of American life, the destruction of American democracy as it is now understood by those very measures invoked in its defense. Where the individual has stood all but supreme, the State is to take his place; where individualist ideals have reigned, collectivist policies will dominate. Such defense is futile, for it involves interpretations of American life, ideals, and interests contrary to the present notions cherished by the public mind.

While nothing less than independence can enable us to extort from other nations a recognition of the greatest possible extension of American interests, and therefore of the most liberal exercise of discretion involved in our right to choose, it will never be expedient to exercise the right to choose in entire disregard of the interests and ambitions of others, to act as if we alone inhabit the globe, or as if our interests and ideals are alone worthy of credence or advancement. The American mind purposes to be guided by ethical precepts, to be satisfied with an equitable adjustment of American interests to those of other nations, of American ideals to the policies of

other nations, and will not expect to carry the right to choose to that ultimate point which theoretical sovereignty will justify.

Even if feasible, independence is not expedient because it clearly involves the payment of a greater price than the value of the objects to be attained. American interests there are which we must protect and defend, which in all probability force will be needed to maintain, but no American interests at present in danger nor any problems at present to be decided by the right to choose are as valuable to us as the European estimate of those interests which we must necessarily assail. Their interests are national; ours in the main individual. Theirs involve their very safety, independence, and integrity; ours merely a rate of profit, individual privilege, individual wealth. To threaten Great Britain's control of the sea is to British thinking to endanger her existence. To threaten Germany by an armed force considerable enough to compel submission will introduce into the affairs of Europe a new power sufficiently strong to endanger the political independence of any European nation. Such an effort would alter the balance of power in Europe, on the sea, and in Asia. Our real danger of losing contact with the rest of the world, of finding it necessary to exercise the right to choose to that ultimate degree which independ-

ence of Europe assumes is at present too slight to justify an effort of such magnitude.

Nor is independence of Europe indispensable. Our territorial integrity and our political independence are assured by that definite lack of a strategic position so related to Europe as to influence in any way the relations of one European power to one another. The primary motive for conquest is entirely lacking, and even should future means of communication become as much more effective than present means as they are than those of 1800, it is highly improbable that any relation can be established between North America and Europe of such a nature as to create such a strategic interest. Moreover the rivalry of European States protects us. So long as anything resembling the present balance of power continues to exist no European nation can undertake the conquest of the United States without risking the loss in Europe of more than can possibly be won in America. That the present war will sufficiently alter the balance of power to abolish this restraint upon European action is improbable.

There are, therefore, such weighty arguments against the expediency of independence of Europe that the sole probable need for such armament must be deemed too unimportant to justify such extended action. We do hold in the Panama

Canal, in the Philippines, and other extracontinental possessions aggressive positions which do threaten the interests of European and Asiatic nations. We have espoused in the Monroe Doctrine and in the Open Door policies which are contrary to the ambitions of European, Asiatic, and South American nations. They can be maintained, if they should be challenged, only by force great enough to establish independence. If we cannot discover some other means for providing this force, they are not in themselves of sufficient importance to make independence expedient. We shall be foolish to save pennies by an expenditure of millions. If we cannot maintain these possessions in simple ways we shall do well to renounce them altogether.

The inexpediency of independence demonstrated by such weighty arguments is perhaps fortunate because, desirable or not, independence is for the present unattainable. We cannot maintain our traditional policy of isolation because we cannot disprove our definitive and close relationship to Europe, nor maintain by any exertion of force an isolation which does not exist. We cannot sever by armies the economic ties which bind us to the European fabric, because in all probability no exertion of force is capable of altering such factors. We cannot be independent of Europe in theory until we are independent in

fact. Until we can stand without the assistance of Europe, we cannot stand upon our own feet. No nation can become independent in an international sense until it has become in actual fact a creditor nation. The foreign investments in the United States do exceed the investments of American citizens in other countries. Even the very favorable balance of trade between the United States and Europe created by the war, the huge loans placed in this country by European governments, cannot repay our total indebtedness.

Indeed, armed force is incapable of providing those supplies of capital which will create substantial independence. Nor is force more capable of establishing those financial connections upon which adequate exchange facilities depend. Only long established personal acquaintance can beget that mutual confidence which is the essential factor in profitable financial relationships. Until we can dispense with the services of European nations and their citizens, independence will be a fiction and a sham, isolation will be a delusion and a snare. Economic independence must be a reality or it is nonexistent. If it exists, force is scarcely able to strengthen it and almost unable to injure it. Until it exists, force is impotent to substitute something for it. We cannot defend independence until we attain it.

The feasibility of any such extended effort as an attempt to hasten by artificial means our economic independence of Europe seems doubtful. Only by such careful and elaborate correlation of industrial and administrative forces as the German Government and German scientists have undertaken in the last forty years can the acquisition of economic independence be accelerated. The most elaborate transformation will be necessary in the United States, because coöperation and correlation of that character are foreign to our industrial and administrative traditions. For the execution of the moderate plans of preparedness advocated already, eight or ten years are admittedly necessary. For so sweeping a transformation as the hastening of independence would involve, half a century would probably be insufficient. Even in the crisis of actual war, when the national independence is clearly imperiled, the experience of Great Britain has shown that such administrative and industrial correlation cannot be improvised.

Much can no doubt be accomplished entirely in accordance with the spirit of American development and ideals. Our present practice is so far short of the theory that if the two can be made to coincide, more will have been accomplished by preparedness than generations of statesmen have performed. If inadequate meth-

ods, extravagant finance, inefficient officers can be exorcised, an enormous gain in efficiency will at once result. We can indeed make the machinery of democracy as efficient as it claims to be. Where American business has been extensive, we can make it intensive; where it has learned to accomplish quickly what must be done, we must teach it to accomplish surely and cheaply what ought to be done. More than this is probably not within the grasp of the present generation, and policies demanding a more considerable exercise of industrial and administrative capacity cannot be deemed expedient. Unless the structure itself is to be uprooted in the attempt to hasten our economic independence, we must realize that the process will be slow and that our national policies for some decades to come must be based upon such effort as the existing social, industrial, and administrative fabric is actually able to achieve. Whatever we attempt, it must be feasible.

Without a readiness and an ability to pay the price of literal independence of Europe, the United States cannot expect to enjoy its fruits. Neither our present disarmament nor our economic dependence on Europe, nor yet our inability in the near future to prepare elaborate armament and alter our status to that of complete independence, affords any adequate reason

on our part for aggressive action. The limitations of security are neither terrifying nor dangerous. They merely compel us to accept our own economic disabilities and define expedient conduct as their acceptance. We cannot, by conscious action nor by the invoking of military force, redress the fundamental balance between this country and Europe. Until we become independent in very fact, the greater development and strength of independent creditor nations must always place in their hands a terrible coercive power against us. Yet the probability of its use is slight. European interests and ambitions make the economic coercion of the United States inexpedient, unless we ourselves force upon them an issue sufficiently important to justify the disturbance of the international economic fabric.

The limitations of security will not cost us access to the world's markets. We have never been able to assure it by our own political, military, or naval strength, but we have never entirely lost it and have suffered its limitation only for brief periods. The sea power cannot close the ocean highways to us without denying other European nations access to the United States. The identity of their interests and ours under normal conditions will protect ours. They will secure for us what we need in the promotion of their own interests. Moreover a great part of

our present trade with Europe rests upon fundamental economic factors in international supply and demand. They buy from us because our commodities are cheaper or better; we buy from them for similar economic reasons. Before the war broke out the great bulk of American foreign trade, being between developed countries, could be interfered with by force only at the risk of damaging the aggressor nearly as much as ourselves. It will scarcely ever be expedient for any nation in Europe to interfere with its own trade with us. The normality of conditions in the United States is necessary to prosperity in Europe, not as necessary as is the normality of European conditions to us, but still too great to be disregarded except under extraordinary provocation.

It is in the future and not in the present that the limitations of security will become significant, not in the cession or loss of something we actually possess at this moment, but in our inability to obtain in the future something we do not to-day very ardently desire but to which we may soon attach a vital importance. Here lies the real limitation. Nothing short of independence can enable us to extort in the future abnormal privileges in the most profitable markets of the world. If England and France will not permit Germany to obtain such relations save at the point of the

bayonet, we need hardly expect to receive anything beyond that protection and recognition which they are willing to extend to the citizens of all nations. If Germany and Austria are compelled to fight for such rights, it is hardly likely that they will yield them, once obtained, to American diplomacy.

Indeed, a nation prepared only for the defensive in the most literal sense must learn to be content with a part only of what it may consider desirable. It must learn to regulate and modify its own ambitions and policies by a careful consideration of the ambitions and interests of the great European nations. So long as we are obviously unable to coerce them, we cannot demand with assurance a degree of regard which they rarely accord to each other's interests, even when supported by the might of armies and navies. For the United States to threaten and insist is to expose the country to ridicule in Europe. Surely we will not do well to reiterate our intention to proceed to extremities when by our own confession we are not in the least able to make good our word. We must therefore always be satisfied with less than we might justly demand. Security will define equity, justice, expediency in the terms of European interests. We must realize that our inability to achieve independence of Europe will force us to

remain satisfied in the immediate future with a very reasonable compromise between European ambitions and American interests and that a settlement eminently satisfactory to them will neither threaten nor destroy really significant interests of our own.

CHAPTER XIII

FOREIGN ALLIANCE IMPERATIVE

If American independence of Europe is at present impossible, American interests cannot be advanced by our economic strength or by our military and naval forces, in short, by any means exclusively our own. Nor is the United States in a position to resist unaided the economic pressure of European nations or able itself to coerce Europe by economic pressure: we cannot dispense with the services at present rendered us by the merchant marine and banking facilities of the sea power. Under such circumstances we must ally with one or the other European coalition, or limit American interests to such privileges as the European nations will voluntarily concede. Unfortunately we must abandon something, sacrifice something, lose something. Our traditional policy of isolation must be balanced against the advancement of American interests and ideals. Either we must sacrifice the policy and make a European alliance upon such terms as we can, or we must maintain isolation by a sacrifice of what it was meant to preserve.

There can be here no hesitation. A policy of

isolation, based upon anachronism and an anomaly, is a living international falsehood, a denial of the plain facts of international relationship, a policy based upon an obvious blindness to realities. The United States is a part of the world. The fact may be ignored but not changed; we have merely the right to decide the form which our recognition of this relationship shall take.

A foreign policy the United States must have; relationship to European nations we already possess; and we can no more disassociate ourselves from the world than a man can logically deny his own existence and proceed to found a philosophy of life upon the negation. Whatever our relations with other States may be, they form our policy. It is like individual conduct. Every man does maintain some sort of relations with other people; he can neither rid himself of their existence nor so isolate himself from them that he can act entirely without regard to their interests. He may decline to accept his obligations, may desire to act contrary to the general habits of a moral life, and refuse to observe the ordinary regulations imposed by the community for the guidance of political and social conduct; but he will do so at his own risk. His denial of his relations to society, his obstinate refusal to recognize his obligations and the limitations of his personal strength, creative power, or intellec-

tual ability entirely frustrate the true objects he may have in mind, which are to be obtained by coöperation alone. So a nation which steadfastly declines to coöperate with other nations, to take counsel with them for the purpose of establishing a community of interests, is unwilling to recognize that identity of interests for which modern alliances stand.

As the individual finds the methods and character of social intercourse dictated by convention, so a nation cannot itself determine the type of international relationships. It must accept those methods agreeable to the majority and proved expedient by the experience of others. It cannot successfully say, we will not coöperate with you in this fashion or in that, we will not take counsel with you in the usual way; you must either associate with us in this way or we shall stand aloof in isolation. The truth is that theoretical sovereignty is a fiction: no European State has found it possible to employ in practice its theoretical discretion, to deal with other States as the postulates of political science expressed by the formal traditions of diplomacy dictate. The accepted method of international association has been for three centuries that of alliances, based in former generations upon written treaties, but contained to-day in tacit verbal understandings, both indefinite and intangible.

The allies recognize publicly and formally the consonance of fundamental interests, tacitly declare their belief that the other's actions will always presumably proceed from friendly intentions, that any disagreements may be explained and easily compromised. It is a pledge to arbitrate all internal differences. It is a guarantee of support when the other's interests are threatened by some other power.

It has not been found expedient for the statesmen of one nation to discuss and consider its problems alone and act in accordance with their decision. To learn unofficially what one's allies think best, to discover what one's enemies desire, to consult the particular adversary as to his willingness to compromise upon this or that, and then finally to dispatch the official document with a practical certainty that it will settle the difficulty, — such has been European practice. Theoretical sovereignty has been waived by common consent, the paraphernalia of diplomacy pushed to one side and international decisions reached by private and even casual conversations at dinner tables and in drawing rooms, without the exchange even of letters. Formal diplomatic correspondence between nations has been reserved for matters of routine or for crises so imminent that personal conference is already impossible and war practically decided upon.

The United States cannot hope to obtain greater privileges than the greatest powers allied in coalitions controlling half the territory of the globe have been able to secure. Indeed, the European States have found it necessary to work in concert, to compromise, to renounce interests and rights, to reduce their demands to the minimum, to omit much that was desirable, to be satisfied on the whole with the essential. None of them have expected, even when bound together in powerful coalitions, to secure from each other whatever they chose to demand. As for the smaller nations, they have frequently congratulated themselves upon obtaining anything at all, and it is widely recognized that only the divergent interests of the greater powers have secured for the smaller States the freedom and privileges they have enjoyed.

Indeed, should we decline to accept the customary method of alliance by tacit understanding, we shall subscribe not in the least to isolation, but to a selfish defiance and unethical disregard of the equal rights of other nations to exist in the world. If we adopt the policy of alliance, we shall vote to accept the inevitable, to recognize the obvious, to subscribe to the realities of international conditions, and shall pledge ourselves merely to a willingness to accord the interests and policies of others that same consideration

which we hope that others will be willing to accord our own.

The great peril which the Allies allege in the present situation is the determination of Germany to create such conditions in Europe as will enable her and her allies to extend their influence and position without the consultation and compromise which have hitherto been essential during the nineteenth century. They mean by a "place in the sun" their freedom from the limitations which the ambitions and interests of other nations have hitherto placed upon them. They wish nothing held upon sufferance. They claim that anything short of independence is not even security. Is it not this very unwillingness of Germany to reduce her demands to a minimum, to be satisfied with the essential, to compromise upon the desirable, to disregard in the future the necessity of alliance and conference, which lies at the root of her present policy?

Such an attempt to hold ourselves aloof cannot command the respect and approval of the great powers of Europe, cannot fail to arouse their suspicions, because in essence isolation stands for that very unwillingness to accept the ambitions and interests of others which seems to nearly all the European nations the most dangerous element in international politics. An alliance stands, not for the creation of limitations, but, in the

present international code, for a recognition of those disabilities which already exist. We shall not easily assume a relation to the nations of Europe which they definitively decline to allow one European nation to assume toward the others. The price of independence has been indicated: armament so extensive as to enable us single-handed to extort from any European nation any concession however slight, the ability to threaten the balance of power in Europe and in the world at large. Should the United States persistently decline to create such relationship with other strong powers in the world as is normal in Europe, a general distrust of our purposes and policies will result which may lead to a concerted movement to compel us to recognize the international code and adopt a definite attitude of friendship to one coalition or the other.

Even if European nations were willing longer to recognize this aloofness which we fondly suppose to be isolation, it is inexpedient for the United States to continue it. The key to the international situation lies in European policies. European interests and ambitions and not American interests and ideals are the all-important factors, by reason of that most obvious of all facts, that they are many and organized, while we are a single nation, to all intents and purposes disarmed and disorganized. What they decide is

more important than what we decide. Moreover they possess, what we entirely lack, brute force amply sufficient to compel us to recognize any view of the situation they deem expedient.

If our so-called isolation continues, it will be because they feel able to disregard our existence. This it is not expedient for us to permit. It is highly important for us to secure admission to that concert of six in which the significant decisions are reached; it is most desirable for us to know in advance what they will decide and to attempt to modify their actions and policies from time to time in our interests. Requests may receive attention where demands have been ignored, and interests be recognized, if urged in the secret conclave in traditional fashion, which have been treated with scant courtesy when presented in formal communications. We can secure the advancement of American interests only by presenting them for consideration as a vital part of the general problem while it is still under discussion and the solution is yet to be found. If we wait until the European powers have agreed upon a compromise, it will be obvious that no one of them will disregard its obligation to the others in order to advance our interests.

Yet American interests are in fact so linked to European ambitions and policies that what concerns one affects the other. This is not theory

but fact. The railroad, steamship, and telegraph have destroyed our isolation, have extended the interests of American citizens to the uttermost parts of the earth, and have created for them new territorial limits, to which the Government of the United States does not itself control. Our geographical isolation protects our commerce and citizens not at all; they are not comprehended within the area isolated. The Atlantic and Pacific offer them no security; both erect real barriers between us and them. Coast defenses and navies are of no avail in their protection, for the very nature of individual activities at present removes both the citizen and his goods from the environs of the United States. Voluntarily Americans have placed themselves within the power of other countries, within their territorial limits. *They have isolated themselves from the United States*, removed themselves from its jurisdiction, located their property beyond the reach of our courts and beyond the guns of our armies. However prepared we may be, they will always be outside our lines, beyond our grasp, at the mercy of other nations.

Potentially we are to-day as a nation the ally or the enemy of every nation on the globe, because American interests and lives are everywhere potentially in danger. The old tradition is no longer true: a European alliance can to-day

subserve American interests. Where there were in 1800 travelers and merchants outside the jurisdiction of the United States, the very prosperity of the country to-day, the most important interests of citizens at home are dependent upon the consideration shown in other parts of the world to American citizens and their interests. The railroad and the steamship have separated the merchant in America from his customers, have caused him to intrust his property for transit to individuals of whom he knows nothing, to send it into countries of whose Government and conditions he is personally unadvised. Every man, woman, and child in the United States has a vital personal interest in events abroad.

Indeed, the true necessity for an alliance lies in the identity of American interests with those of Europe. In many cases American citizens are concerned in the same transactions with Europeans; the delimination of their interests from ours has become impossible; the line between my property and thine can scarcely be drawn because the property truly valuable is no longer tangible, but consists in the use of capital, the security for loans, the promptness of transportation, the honoring of commercial paper. We must sit in the councils of Europe, if we can, because the interests of American citizens are identical with those of Europeans; because we are

fundamentally as eager for the continuance of their prosperity as they should be for the establishment of ours; because they, and they only, can protect American citizens resident within their own boundaries or insure the safety of American property in transit through their domains.

If we do secure by alliance admission to the European Concert, we must realize that we can attain the privilege only on their terms. Potentially one of the mightiest nations in the world, the United States ranks in the international scale among the weakest. Rightly or wrongly, nations are graded to-day according to the amount of effective force which they can exert in international affairs — a force compounded of two necessary elements: the strategical relation of the national area to that of other nations and the organized military and economic strength. The strategic value of Belgium, plus its great industrial importance, has given that nation a position of far more significance in international affairs than that of the United States. We possess indeed neither essential of international status and can bring to a European alliance neither of the normal advantages which European nations are accustomed to expect. Our economic strength is great, but not indispensable to them. Of itself it can never make us an international factor of

vast prominence. China is larger in population, South America greater in area, Russia as considerable in resources. We produce or manufacture few things of which some other source of supply does not exist. Even the balance of power in Europe, the peculiar alignment of the coalitions, scarcely makes possible for the United States an alliance upon terms really favorable to American interests.

European policies must become world policies before the United States becomes a desirable ally. Indeed, were it not for the fact that the balance of power is different in Europe, in Asia, and in Africa, sustained in each by factors not operative elsewhere, the international status of the United States would be problematic in the extreme. But Great Britain and Russia, allies in the Baltic, are deadly rivals in the Mediterranean, in Persia, and in India. France and Great Britain, allies in Europe, are rivals in Africa and Asia. Japan, who must retain Great Britain's support against Russia in Manchuria, finds the sea power her rival in the Pacific and in China. These are significant relationships for the United States, the factors which give us an opportunity to join and to influence international councils.

An idea has received support in distinguished circles that the only adequate motive for the for-

mation of a European alliance would be the entry of the United States into the concert of powers for the preservation and advancement of the peace of the world. If we avow an intention of leading the world, of striking a dominant note in international policies, of educating the Europeans in ideals, if we expect to compromise for them their interests, to secure a renunciation of their ambitions, we shall find an alliance indeed difficult to establish. Such a notion is to Europeans preposterous and impertinent. It assumes that we shall exert an influence in European affairs more decisive than they themselves; that we shall hold the balance of power in the European Concert; that we shall formulate for them decisions which they would not be able to reach for themselves and will be able to secure their consent to propositions which of their own volition they would reject. The United States must appear in the international arena in some more modest aspect than that of leader, mentor, and reformer if we are to receive that cordial welcome upon which we are peculiarly dependent.[1]

[1] In this connection it is enlightening to reflect upon the ignorance of the common people in Europe as to the location of the United States and the nationality of its inhabitants. One of my colleagues returned to his native village in northern France with his American wife. One of the tradespeople said to another: "I saw Monsieur X's American wife to-day and she is as white as you or I." Recently I was told of an American who was arrested in southern France as a spy and declared his nationality. "How then

Even if we adopt an extremely moderate version of the reconstruction of Europe necessary to satisfy all of the contending parties, it cannot be gainsaid that such a reorganization is beyond the power of the United States to achieve. The problems they have not been themselves able to solve in four hundred years of diplomacy and war they will scarcely expect American statesmen to settle when the men appointed to office are of the caliber common in the last generation. Some Americans have acquired reputations for statesmanship even in Europe, but the European opinion of American capacity in international politics is lower than any American likes to contemplate.

Upon such a basis intercourse is impossible. Our assistance in affairs of mutual interest they will be glad to have; our approval of their actions they desire; an amicable understanding for the establishment of mutual aims and for the protection of identical or complementary interests

do you speak English?" asked the officer. "They speak Spanish in America as every one knows." He finally agreed that probably there were parts of North America where English was spoken, but no explanations could change his conviction that "American" meant "South American" and that my friend's failure to declare his nationality accurately was not very suspicious. Even educated people in Germany and France receive most of their conceptions about America from Wild West moving picture films, which are very popular, while "American (i. e., negro) minstrels" are a stock part of vaudeville and café entertainments. They have not the same curiosity about us that we have about Europe.

they are willing to make. More than this assumes an international consciousness the existence of which the war itself and the very problems requiring settlement only too clearly demonstrate to be nonexistent. Mutuality of interests, cordiality of friendship, are the very possible bases for arrangements. Our moral and intellectual superiority are not sufficiently evident to them to establish so broad a tenet as our leadership in the world.

We can only be accepted as a member of the European Concert in equal standing by the willingness to admit and accept those common standards of conduct, and particularly those decisions in regard to specific problems which are already agreeable to the nations of Europe. In the protection of American life abroad we must deem those measures satisfactory which the powers have found expedient in their relations with each other. Greater privileges than they extend to each other we shall scarcely obtain. Why, too, should we ask more than equality? The amenability of aliens to foreign jurisdictions, commercial privileges, freedom of access, the law of property, — all this will be regulated for us by such common principles as the European Governments agree upon. Certain amendments, reasonably implied by our peculiar requirements, we may confidently expect if we

show that same equitable regard in America for the rights and privileges of their citizens.

We must observe faithfully in the future those common traditions of diplomatic intercourse which European Governments deem necessary and advisable. Such communications as we hold with foreign Governments must be secret, must be couched in a terminology commonly understood in Europe, and invariably submitted to the European Governments before given to the public in the United States. Delays we must accept without repining; secrecy the people themselves must understand to be the essence of negotiation. We must at least permit nothing to interfere with the impression that our notes are really directed to those Governments for whom they are ostensibly intended, if we are not to incur suspicion of negotiating in bad faith. We must at least extend to them the courtesy of sufficient time to read the communication, prepare and submit a satisfactory answer before we make public the cause of the difficulty.

Indeed, the European diplomats have objected not so much to the policy of President Wilson, nor to the contents and language of his communications, as they have to the immediate publication of the documents before their receipt by the foreign Government. Delicate negotiations, they claim, cannot be conducted in such fashion, and

if reparation and apology are desired, they can be best obtained by quiet, diplomatic methods. No nation can be expected so to sacrifice its notion of right conduct as publicly to confess in as palpable a manner as the President has demanded of Germany and Austria the conscious commission of brutal crimes, ordered by the National Government itself in entire contravention with the most rudimentary ideas of humanity and civilization. According to European standards, such diplomacy is neither expedient nor equitable. It deprives Germany and Austria of all reasonable possibility of satisfying the demands of the United States in ways to which public opinion in those countries will subscribe.

It will not be possible in future for the United States to appeal to international law as a more definite and well accepted standard than the great powers of Europe believe it to be. Such principles as are established by general consent they will no doubt be willing to observe, but they will expect us in our own dealings with them to accept the European standard of international conduct and will not expect us to impose upon them standards of international conduct which we ourselves erect. The opinion of the many will in this case, as in all others, outweigh those of one. Something of the American doctrine of the unconstitutionality of law has been very clear in

American diplomatic statements. The President has unconsciously looked upon the corpus of international law as he would upon our own definite written constitution and has assumed that all acts inconsistent with it were for that reason illegal. Such a notion is not familiar to Europeans, who are apt to regard such things as are not definitely settled as unlegal, not illegal. It has been difficult, therefore, for them to accept a notion of disobedience to international law really founded upon a concept unfamiliar to their legal code.

Our international status will be largely conditional upon the united sentiments of the American public. So long as we present the appearance of a conglomeration of European nationalities rather than of a nationality distinct and separate, the Government's hands in negotiations will be tied by the European consciousness of our inability to rely upon the prompt and unquestioning support of American citizens. The Government must speak with one tongue; it must represent no divided allegiance; in some way the hyphenated American must disappear. Legally, double allegiance is an impossibility: a man cannot be at the same time an American citizen and a citizen of another nation. Spiritually, he is also an anomaly, for his true allegiance and his technical allegiance are not the same. The mere fact

that present Americans possess a certain intellectual sympathy with the country of their birth, or with the country from which their progenitors came, is in America of little consequence. It becomes significant the moment European Governments rely upon action from American citizens previously of that nationality. The Federal Government must take prompt and, if necessary, strenuous measures to assure the European Governments of their failure to appreciate the strength of American patriotism. We shall not expect to change normal habits and social preferences or spiritual sympathies and ideals, but we can convince all European nations that American citizens cannot be relied upon to support policies of foreign States unless the United States itself, as a nation, decides advisedly to advance them. Somehow, the Government of the United States must bring into the European mind a clear consciousness of this fact. There must never be in the United States a question of the possibility even of a public challenge of the right of the Government to every citizen's undivided allegiance.

Something approaching permanence of diplomatic tenure will be a necessary prerequisite of a foreign alliance for the United States. It is in the fundamental character of American administration that the Europeans will find their true ob-

jections to an alliance. The chief officials of the Federal Government are elected or appointed for short terms, are commonly not reëlected or reappointed, and are usually men without diplomatic experience and without familiarity with European history or international politics. The diplomats whom we have sent abroad to important courts have at times lacked a knowledge of even the rudiments of the country's language and have possessed few compensating qualities of intelligence and information. Nor has the secrecy, considered in Europe so vital to all diplomatic discussions, been observed in America, even by high officials while in office. The American people have been so often taken into the confidence of the Government in foreign affairs, important negotiations have been so often published before the European Government itself had read the communication of the United States, that all European statesmen naturally hesitate to reveal to Americans those truly vital considerations upon which European policies are founded. Nor will they view with favor the idea of a growing constituency of men who return to public life with no probability of holding office again and at the same time furnished with information about European secrets. Diplomacy in Europe is a profession. The first qualifications are information, linguistic ability, tact, and social

capacity; the second is length of office. The secrets of the world cannot be trusted to too many heads. It is difficult enough to keep a few lips closed; twelve or thirteen new pairs of lips every four years would be inconceivably more difficult to silence.

The advantages of a foreign alliance are transcendent in importance. What we cannot do for ourselves, our ally or allies can and will perform. The cumulative strategic, economic, military, and naval power of the coalition itself will stand behind all reasonable and equitable demands of the United States. War becomes unnecessary. The coalition can easily obtain for us from its enemies more than the unaided strength of the United States could ever extort, even were preparedness carried to the point of independence, while from the coalition itself our interests will receive all due and proper consideration in recognition of those services which we ourselves render. The limitations imposed upon American demands by an alliance can never be as considerable as those which an attempted isolation would make imperative. The privileges and protection which the alliance will secure for us beyond a peradventure will always be greater than those diplomacy could obtain unaided. If between us and our own allies we must depend upon diplomacy and arbitration, and must expect

to demand less than the maximum, it will still be true that against the enemies of the coalition we may frequently hope by means of concerted pressure to obtain the maximum. If we stand alone, we shall invariably receive the minimum. Only in this way can the United States at present advance those interests which European powers will not voluntarily advance themselves. If pressure is necessary to advance and protect what we feel we must have, and we ourselves are incapable of exerting that pressure, we can obtain what we desire only by the help of others and we can obtain that aid only by alliance.

CHAPTER XIV

ALLIANCE WITH GREAT BRITAIN

THERE is in the world at present only one power whom we are able to serve in our present condition, only one power who is likely to render us at present the services we really need. We can afford to pay the necessary price for an alliance with this power. We can strengthen her and she can in turn strengthen us. Nor will an alliance in any way interfere with the security of both nations. Her position does not threaten ours, nor does ours menace hers. It is also supremely fortunate that this power, with whose interests ours so nearly coincide, should be that nation clearly allied to us in language, blood, law, and religion. Institutions, traditions, and ideals are also in substantial harmony: their habits of thought are in the main ours; those supreme ends of national existence for which they struggle are all but the same as our own. Where permanent and fundamental factors of association and understanding, where the national acquaintanceship between two great peoples already exist to so considerable a degree, it is almost providential

that the advantages of an alliance between them could be so nearly mutual. An alliance with Great Britain will secure for us the services of the sea power necessary to our continued prosperity, and will also place behind American interests the formidable influence and armed force of one of the most potent nations in the world. Such terms we could not extort from the sea power by any conceivable exhibition of force or by any economic pressure now within our power or likely to be in the next twenty years.

An alliance with Great Britain should become in the future a cornerstone of our foreign policy, as her institutions have been the fundamental influence in the shaping of the conditions of American life.[1] Indeed, if we achieve such a national bond, we shall merely recognize openly conditions and forces long in operation to the mutual advantage of both countries. Our polity has from the first been largely dependent upon the control of the seas by Great Britain. It made America English in speech, English in law, Protestant in religion, and implanted here those

[1] The proof of the truth of this statement lies in the history of the United States and must be confessed by anyone who will read it with an open mind. My proposals in this chapter rest however upon the solid grounds of interests and not upon the insecure foundation of sentiment or prejudice. These factors are merely contributory; they strengthen a case which rests upon other bases. To have expressed in this chapter the qualifications, modifications, and reservations which crowd my mind would have made it occupy a quarter of the book.

ideals of freedom and liberty which the American people cherish to-day as their proudest possessions. We shall merely make explicit an understanding long desired by a considerable portion of the population in both nations and make definite as policy what has been constantly undertaken in the name of expediency.[1] While we shall be no more dependent upon the sea power than before, nor more limited in our national policies by her ambitions and interests than has always been true, we shall enormously add to our international status and achieve an ability

[1] The heritage of Anti-British feeling from the post-revolutionary epoch, and Pro-German and Pro-Home Rule sentiment, will influence many to reject these statements and the general position I have taken in this chapter without adequate examination. Others will feel that Washington's dictum about entangling alliances is weighty precedent against this position. While it is easy to show that Jefferson feared England, it is not less easy to prove that Washington, Hamilton, Jay, Franklin, and others whose reputation for wisdom is to-day superior to Jefferson's, wished for a connection with England as close as could be obtained. They saw in 1789 that the Revolution had solved some problems at the expense of others, and, while willing to sacrifice everything to the maintenance of political independence of England, declared that the English control of the seas forced upon us an alliance upon such terms as we could obtain. The Anti-Federalists however advocated so strongly a French alliance, that Washington, in order to prevent it, declared himself in favor of no alliances at all. If we would not ally with England, it was suicide for us to ally with any other power. It did not seem wise to devote so much space in a brief book to the discussion of a question of precedent, which is after all too old and concerned a situation too different from ours at present to claim decisive importance. I earnestly beg my readers to consider carefully this issue of alliance quite apart from traditions and emotional sympathies for other countries. This is too serious an issue to be decided upon any basis except the clearest reason, logic, and expediency.

to protect and advance American interests which we have never possessed in the past. Few actual changes will be necessary; the advantages are certain; the moral influence of such an alliance is incalculable, not only in American affairs but in world politics.

We shall at once achieve all the more immediate results of economic independence — an adequate merchant marine, satisfactory exchange facilities, the necessary supplies of capital for the development of American industries. We shall at once attain a new international status. Some position we have undoubtedly had by reason of our bare existence, but international status in the true sense of the word we have never possessed, because our relations to the powers of Europe had yet to be defined, established, and accepted. We have been independent in fact; we have been sovereign in theory. Once allied to the sea power, we shall become in all probability a member of an international concert of eight, containing the six great European nations, the United States, and Japan. So clear and significant an international status we have never possessed. Nor can we by any conceivable exercise of our own military or economic force achieve it.

Security will also be ours. The sea power in its own interests will guard our shores: fleets

and armies able to reach us despite her will so endanger her independence that nothing short of national annihilation can lead her to countenance their existence. She must fall before we can be endangered, once a definite alliance has made the interests of the countries one. Great Britain's assistance — and an alliance with Great Britain will certainly mean a tacit alliance with her European allies — will at once assure the advancement of all equitable interpretations of American interests and privileges. In time of peace we shall enjoy the identical advantages enjoyed by the citizens of our allies; in time of war we shall be subjected to no disabilities detrimental to our interests from which they do not also suffer in the common cause. In exchange for the one we shall willingly accept the other.

The question of neutral rights will no longer exist for us. We shall be one of the belligerents in any war that follows; our interests will become those of the sea power and such restrictions regarding contraband and freedom of access as become expedient we shall naturally expect the sea power to enforce in the interests of all. An alliance will carry necessarily the acceptance of the sea power's interests, ambitions, and safety as essential limitations upon the extent of American interests and privileges attainable at any one moment. She cannot be expected to

yield what she believes to be indispensable to her security merely to increase the profits of private citizens in the United States. Nor shall we, on our part, expect her to demand from us similar sacrifices. We have already declined to sacrifice our national interests in Mexico to protect the property of British citizens. Such claims as we have recently advanced, such policies as we have advocated in the past inconsistent with this position, must naturally be abandoned. We must display that degree of magnanimity, that love of equity, that readiness to accept her decision as to what is indispensable to her safety and prosperity as we shall expect her to display when our own interests are involved.

The American people must clearly grasp the fact that beneath our disputes with the sea power has always lain discontent with our own economic disabilities and a determination to eliminate them. It cannot be done by force, and least of all by assaults upon the sea power. We can literally afford to advance all worthy interests of Great Britain, and she can agree to promote all necessary American interests, without either nation undertaking to fulfill more than is consistent with the safety and prosperity of both.

What can we conceivably under present circumstances perform for Great Britain which will

give us adequate reason for crediting her fidelity to an alliance in which the advantages are at first sight overwhelmingly in our favor? It will be idle for us to enumerate any particular services of such a nature as those which the United States at present renders to Great Britain and her allies. There is no promise of a continuance of such conditions as now persist, nor any assurance of a recurrence of such conditions in future crises, and naturally no possible knowledge of the policy of future statesmen in Great Britain and in the United States. Our alliance with the sea power can rest only upon the solid ground of the sea power's strategic weakness.

It is the island position of Great Britain — the slender natural resources, the small area, the thronging population — which creates a position strategically strong but economically vulnerable and renders an alliance with the United States advantageous. From the manifest difficulties which this position involves results a belief in the imperative necessity for a control of the ocean highways. Inevitably British policy becomes contrary to the interests of other European nations, for it assumes that the defense of Great Britain rests upon her control of their communications. A coalition against her is therefore always possible in Europe. Yet compelled by her island position thus to array her-

self against continental Europe, she has been driven by her inability to feed herself and to produce the supplies of raw materials which her factories need to retain at all costs the friendship of a part of the powers on the continent. She must demand from others the ability to hold them at bay, while unable to make her defensive position truly invulnerable by literally achieving independence. In some way access must be maintained to the food supplies of the Baltic, the Black Sea, and the Mediterranean; in some way markets must be secured in Europe for the finished manufactures of British looms. The fleet must isolate the British Isles from Europe; diplomacy must maintain contact. A coalition against her to strip her of her control of the sea in the general interest must be made an impossibility. Isolation without separation, contact without danger, are precisely what she must achieve.

An alliance with the United States will free Great Britain from much of this imperative necessity for interference in European politics. Indeed, the growth of the United States alone has already freed the sea power from many of its greatest difficulties. Yet until formally allied with us, she can never be sure of attaining that invulnerability which the conscious development of the industrial structure of both nations

might achieve, should it be directed so as to make the one complementary to the other. Easily, cheaply, advantageously, this can be done. We may prepare to supply Great Britain with everything needed in peace and war, while she can prepare to utilize our own great exports of raw materials and to send us in addition only those manufactured goods which we cannot advantageously make ourselves.

One of the imperative needs for the United States in the near future is a supply of capital adequate for the development of American resources. One of the imperative necessities for Great Britain will be an opportunity for the investment of capital in a country where its use will not contribute, as it has in Germany, to the creation of a hostile economic area likely in the future to attempt political or economic measures detrimental to her true welfare. All of the great European countries demanding capital — Germany, Austria, Italy, Russia — do imperil her interests and safety by their location and ambitions. To the extent she aids in their development or promotes their prosperity, she is creating forces which may be turned against her. No great civilized country offers so peculiar a combination of safety and profit in the investment of capital for British financiers as does the United States. No other nation can Great Britain

see growing by leaps and bounds with that same complacency. We shall thus be assured of a necessary investment; we shall assure the British of the safety and profitableness of the transaction. Our interests are not identical, but the advantages will be mutual.

Now should Germany win a military victory on the continent sufficient to extort from the allied armies terms of peace, only an alliance with the United States can permit the British to continue the struggle. Without the assistance of land power the sea power has never been able to defy the dominant military nation in Europe. Many a time by the assiduous use of its own peculiar advantages it has prepared a victory for its allies; invariably their defeat has forced upon it the necessity of recognizing temporarily the dominant military power. Even if the Germans should be compelled by the inconclusive character of their victory to agree to a settlement by no means extreme, even should the British retain undisputed control of the sea, nothing short of an alliance with the United States and the willingness of this country to sustain Great Britain against the European victors can permit the sea power to decline to accept the result of the conflict on shore. For the United States, therefore, the present moment is a more favorable time to make over-

tures to Great Britain than any in the last century.

For the United States the true necessity is not only that of an alliance with the sea power, but of an alliance with Great Britain in possession of the sea power. While unquestionably any European nation which may succeed in wresting the maritime supremacy from Great Britain will be in large measure governed in her use of it by something of that same caution and discretion which the British have found expedient, there is no nation whose fundamental position itself insures for the United States so great a measure of safety and advantage. To speak in such a connection as this of temporary policies, of the character of statesmen now in power, of existing economic conditions, is to base our judgment upon the sands of the international fabric. In essence, we are asking whether it is wiser for the United States to exert herself to the utmost to maintain the present position of Great Britain, or passively watch Germany secure control of the seas, if she can, and ally with her in preference.

It should be obvious that the island position of Great Britain does create more imperative limitations upon her use of her naval supremacy than does the land position of Germany. The lack of natural defenses on the English coasts so

complicates the defense of the island after the invader has once landed that defense is problematical. For Great Britain, therefore, a standing army is inexpedient, and without it no schemes of aggression or conquest involving the destruction of the political domination of foreign countries can be undertaken. For Germany, on the other hand, the existence of Russia and the absence of natural defenses make imperative a standing army of vast size, whose very existence makes possible the aggressive use of the sea power. While a policy requiring the continued absence of any considerable part of the army from German soil would be dangerous and therefore inexpedient, it will always be a simple matter, should Germany obtain the dominant position on the continent, to spare temporarily an army large enough to undertake the invasion and political domination of any minor European, African, or South American country.

For Great Britain the inexpediency of the action is greater than for Germany, because there is no domestic need for the weapon essential to the execution of such a policy. So long as the navy remains all powerful, the creation of a permanent standing army will be an aggressive act too unprovoked for British public opinion to approve. We must not forget that the public mind in all European countries has definitely

decided that conquest and aggression in the crude, gross sense are both unethical and inexpedient. Yet the defensive needs of Germany provide what defensive needs make impossible in Great Britain. This is a fundamental consideration for the United States of the very first importance, for it tends to free Germany from the same necessity for caution and magnanimity which Great Britain has found imperative. The control of the seas, added to the military domination of Europe, would make the defensive strength of Germany so enormous that she need be in no such immediate fear of a coalition against her or of an impending attack upon her territorial integrity or political independence from which Great Britain has never been able to rid herself. Magnanimous conduct, expedient for Germany, is imperative for Great Britain, and any other policy at once endangers the existence of the weapon itself. An aggressive use of the sea power is considered in Great Britain almost beyond the pale of sanity.

For the United States the continuance of the control of the sea by Great Britain is also desirable because no other European State possesses to the same degree an interest in an alliance with us. Certainly no other State would find an American alliance so advantageous and therefore be willing to grant us as advantageous

terms; certainly the interests of no other State so clearly assure the continuance of the connection, and if we are to depend upon the alliance to secure for us the results of independence, we must see clearly the probability of its continuance. Our economic structure is closely complementary to that of Great Britain. Definitely she lacks adequate supplies of food and raw materials; definitely we lack certain types of manufactured goods. She needs precisely what it is essential for us to sell; she makes precisely what it has been necessary for us to buy. While we must not forget the fundamental and profitable relations between the United States and other European countries, the fundamental advantages in trade with Great Britain are more extensive.

Her important supplies must reach her by sea; this alone gives the United States a striking advantage. For Germany communication with us in times of crisis will always be perilous and undependable because of the necessity of ocean transport which the German army, her primary defensive force, can neither establish nor protect. The same peril undoubtedly exists in the case of Great Britain, but the condition indispensable to our access to Europe is also indispensable for her contact with any part of the world. She therefore maintains as her

primary interest the control of the ocean which any ally of ours in Europe must possess. Germany could only regard contact with us as of secondary importance and would sacrifice no dispositions of primary import to preserve it.

An alliance with the United States will vitally strengthen Great Britain in warfare with continental nations, for we can supply her what in time of war she has had to obtain by advancing the interests and ambitions of other European nations. She has been forced to sacrifice secondary interests to protect her integrity and independence. Germany, on the other hand, finds herself, once the English fleet is beaten, threatened from the east and not from the west. Our assistance is of minor consequence and in no degree whatever indispensable. What we have to sell she also produces; what she herself wishes to sell she can easily dispose of to her own neighbors. Sea-borne commerce is perhaps essential for German prosperity; it may even be significant if Germany is to maintain a certain rate of growth; but it can never be at any one moment indispensable to her existence. The experience of the war has shown the possibility of subsistence for Germans from German resources alone, and a dominant Germany can certainly maintain herself in prosperity by access to the markets of her neighbors. In times of

crisis, therefore, an alliance with the United States may be indispensable to Great Britain; it can never be an essential element in German defense. We may be a desirable friend for Germany, but an alliance can never assume primary importance.

At the same time until Great Britain is beaten at sea and Germany supreme on the continent the United States is a very desirable ally because Great Britain and France are thus deprived of an economic assistance of the first importance. As the present war has shown, Germany can close to them the great Baltic and Black Sea grain markets, and if she could also by alliance prevent access to the American supply, they would find the problem of sustenance more than difficult of solution. The United States navy, too, impotent if pitted alone against the British fleet, would make a respectable auxiliary squadron for the German navy and make good much of its present inferiority in capital ships. If the latter could use American harbors as a base of operations, it could risk a dash from the North Sea into the open ocean, there to attempt the outmaneuvering of the British as a prelude to their annihilation. For such purposes an alliance with Germany would have no advantages for the United States. There is no conceivable gain for us in the opening of the seas

to all nations on the same terms until we are able to take advantage of the opportunity with a merchant marine of our own.

No other continental nations need be considered as possible allies of the United States because none, except Great Britain and Germany, are in any position to control the sea. Our relationship to all other nations in the world will thus be defined by an alliance with one or the other of the major powers on the sea. It is only necessary to add that any other continental nation than Germany which may become powerful on the sea in subsequent years will hold that same fundamental relationship to the United States which Germany now has. It is advantageous for us to keep the control of the sea out of the hands of any powerful continental nation.

From the present balance of power in Europe, from the difference between the present balance of power in Europe, in Asia, and in Africa, flow precisely those circumstances most favorable to the United States. The destruction of this delicate balance in favor of either coalition will make a distinct difference to American interests, but unquestionably the victory of the Allies will further the interests of those powers who find the position of the United States most essential to them. In the markets of undeveloped countries, the victory of the Allies is also more favor-

able for the United States than a victory of the Central Empires. Both, to be sure, will be freed from those fears of trouble in Europe which have tied their hands for a generation in all other countries; neither will be as ready to countenance slight encroachments or dissemble its real ambitions; both will extend to the maximum their operations in the markets they at present control or which fall into their hands. They will absorb a considerable section of our present abnormal war trade and limit in many ways our possibilities for future expansion. Neither will need to use force against us, for their economic superiority will give them exactly what they want, once the other has been eliminated.

But the Central Empires would more probably extend their operations to a point really detrimental to us and would be less certain to concede anything to us, even should we ally with them. After all, the Allies are fighting merely to maintain what they have, and that has not proved particularly detrimental to us, nor is it likely to. Germany and Austria very frankly confess their intention to obtain what they do not now possess and their determination to take it by force where it can be had. In South America they will find the field of least resistance, because in Africa and Asia they must compete with the political authority of Great Britain, France, and

Russia, and whatever domain they create, they must always expect to maintain and administer. South America will not require administration nor protection by force and will permit the Germans to retain at home the maximum population, which is to their thinking a matter of prime consideration. That the Central Empires can so decisively win in Europe as to obtain whatever they want, that Germany can take from Great Britain the literal control of the seas, seems to most observers incredible. If the Central Powers win at all, it will be a qualified victory, followed by a settlement in the nature of a distinct compromise. The easiest concession for the Allies to make will be the control of Asia Minor by Germany and Austria and a free hand for both in South America, leaving Great Britain and France still supreme in Africa and Asia.

No political dominion will be conceded, because European nations possess none in South America,[1] nor will the present investments of capital be interfered with. What the Germans wish is the ability to create under the most favorable conditions a future market by an untrammeled opportunity to invest their own capital and to create social preferences and habits of life which German goods will be needed to satisfy.

[1] Except Guiana.

A mere gentleman's agreement between the nations most concerned will be amply sufficient to answer all their purposes. The Germans and Austrians are far less certain than the British to concede us any privileges of value at present and much more likely to undertake elaborate measures of development which will exclude us, in common with all other countries, from the lion's share of the South American market for half a century to come. Before that time privileges of investment there may be indispensable for us.

Should Great Britain be defeated on the sea, the probable result is far more likely to be an emulation for the control of the sea by various nations than the retention of control by Germany alone or anything resembling internationalization.[1] Rivalry will place the United States at a grave disadvantage, by compelling us to compete, as a condition of retaining any privileges at all, under serious economic disabilities.[2] Not only would the effort be infinitely more costly than any in which an alliance with the present sea power may involve us, but alliances would become matters of difficulty;

[1] I trust that this opinion will not be confused with my speculations in this chapter and elsewhere as to the result if Germany *should* obtain the supremacy on the sea Great Britain has. The two are contradictory because they proceeded from contradictory premises.

[2] These will be discussed in Chapter XV.

concessions on the part of the United States to secure them would be in all probability greater; the advancement of American interests less in degree than under an alliance with the present sea power.

As far as a council is concerned for the control of the seas by a general agreement of the powers, it is hardly probable that the machinery of such an executive body would do more than reflect in the barest and most direct way the political alliances and conditions prevailing in the world at large. If no power actually dominated the sea, the result would be a constant emulation for the control of the council between those possessed of any possibility of winning supremacy. Other nations whose conditions foreclosed effective competition would exert no efficient influence. What the strong agreed upon would be executed by the council upon the weak. Whatever the strong disagreed upon would in all probability remain in abeyance. It is difficult to see how any international body or council can, by its mere creation, alter conditions which actually exist. It might be indeed a step in advance, and might be seen half a century hence to have produced results invisible to contemporaries, but as an immediate expedient none of these schemes promise anything of advantage to European powers and certainly nothing to

the United States. If in them the various powers are ranked, as at present, in accordance with the physical force they are organized to exert, the United States will hold a position of inferiority until our potential strength is definitely organized.

For the United States it is vastly more expedient to deal with Great Britain, whose position itself imposes definite limitations upon her discretion. It is easier to consult and arrange with a single administration, already possessed of power to execute such measures as it may deem expedient, to say nothing of its long experience, tried discretion, and proved magnanimity toward us. Once more we must beware of supposing that international councils and courts will be more advantageous to the United States because she will be able to dominate them. There is absolutely every reason to believe unfounded such ideas of an American domination of European diplomacy in this or any other guise.

CHAPTER XV

RENUNCIATION OF MARITIME AMBITIONS

When we talk of the creation of an American merchant marine, we are not discussing our ability to construct ships or to navigate them; the resources of the country and the talent of its citizens are not questioned. We are concerned with our ability to establish for ourselves cheaply, promptly, and efficiently a merchant marine large enough to make certain our contact with the rest of the world. While we shall not cease to employ foreign vessels, we must prepare to dispense with their services. Only a merchant marine of great magnitude, composed of large vessels as well as small, of fast liners and tramp steamers, can supply our needs. Ships are not enough; many ships will not suffice. We want enough ships, and how many that will be in the future no man can tell.

Why should any country to-day seek to perform for itself any service which another cheaply, profitably, and efficiently has discharged for half a century? Does not the division of labor, the interdependence of the economic world, the

interpenetration of national fabrics make all attempts to achieve literal independence of other nations inexpedient and futile? It is surely no more dangerous for us to depend upon other nations for the transportation of our crops and commodities than for us to rely upon them to purchase the latter when landed in Europe. Of neither have we the slightest guarantee. American business men cheerfully invest capital in some enterprise which requires dyestuffs manufactured in Germany without reflecting that nothing whatever obligates the Germans to operate their factories except an expectation of profit. Yet the willingness of Europeans to buy what we export and to export to us in turn is far more essential than the fact or method of transportation. And it is about the latter only that we are worried!

If other nations cannot get along without our products, they will be as interested in devising methods of transportation for them as we can be. If they are not willing to buy our products, no facilities for transportation will create a demand. The problem of distribution does not exist until a demand appears located at a distance. Ships and railroads are purely incidental factors in bringing the supply to the demand. It is more necessary that the Europeans should eat than that American farmers should make a

profit. If the grain is certain of sale on arrival, its physical transfer is easy to arrange. If no market exists, all the shipping facilities in the world cannot sell our produce. In truth, what is needed is cheaper, more efficient, more rapid transportation, not transportation under the American flag. If we insist upon performing what we do not do well, we shall hang a millstone round our necks. Either the prices of American commodities abroad will rise to pay for our experiment, or, as is more probable, we shall lose the capital in return for a demonstration of the truth of certain economic laws.

No nation to-day expects to be self-sufficing. The demand for an American merchant marine simply to have our communication with the outside world under the protection of the American flag is based upon fallacies of economic theory long since exploded. Let us do what we do better than others; let us accept from others what they execute more cheaply than we can. If the interpenetration of the economic world will not insure access to the world's markets, it will prove a broken reed in a thousand more significant matters for which we already exclusively depend upon it. The same logic which demonstrates our need of a merchant marine in foreign commerce will infallibly prove that the whole structure of the business world is a fallacy

of the first magnitude. If we may safely rely upon a mutuality of interests in greater things, we may depend upon it in less essential.

We need not own the ships which carry our goods in order to assure ourselves with practical certainty of their services under all circumstances. Our alliance with Great Britain will obtain for us the utmost endeavor of the sea power itself in the maintenance of that contact most essential to American interests. So long as Great Britain remains the sea power her merchant fleet will continue large enough to perform the necessary services for the United States. Moreover, the British have realized with great acumen that so tremendous a fleet can sustain itself only in the service of other nations and only by performing the essential offices at a more moderate cost than they would be obliged to pay for the creation and maintenance of a merchant marine of their own.

The United States is no more dependent upon the British merchant marine for its contact with the rest of the world than are the great majority of European nations. Russia and France, to name two powerful countries only, possess themselves no adequate shipping facilities. They have found the services of the British merchant fleets, of the British insurance agencies on the whole cheaper than any similar service they could

have rendered themselves. We have had certainly in the past fifty years no complaint to make against extravagant freight rates, against improper and careless service, against delays and dishonesty due to the British "monopoly." Whatever European power controls the sea — and it will be sufficiently evident to any candid student of international affairs that some European power or coalition will continue to control or contest the supremacy of the seas in the coming generations — must, as the price of its own ascendency, perform these same services for all nations thus deprived of merchant fleets. Even in the gravest crises, some sort of contact for the dependent nations the sea power must provide.

Great Britain has also understood that supremacy upon the seas would be short-lived should she interfere for captious reasons with the normal interchange of commodities between nations. So to act would provide the motive for a coalition of all other nations for the crushing of her power upon the sea and their own deliverance from unjust domination. Like efficiency and economy, discretion and justice are the necessary props of the sea power. Only when its interest in the closing of the seas coincides with the interests of other powerful nations can it venture to make its potential supremacy real. Whether or not

an American merchant flag flies, access to European countries will continue to depend upon the generality of interest in its continuance. If all desire it, the sea power for that very reason will be powerless to prevent it. If enough are interested in stopping it, they will be strong enough to make good their contention. They will not otherwise attempt it. In either case we have nothing to fear.

To suppose that the present lack of an American merchant marine is due to the failure of our merchants and capitalists to understand the necessity of access to Europe, or to the greed of Great Britain and Germany, is to minimize those fundamental economic disabilities under which the United States labors in the maritime world. If past economic history be any criterion of truth, these are precisely those economic factors which force is unable to modify and is certainly without power to destroy.

The supply of capital and labor for an international merchant marine is controlled by a demand and supply truly international in scope, and is dependent upon the ratio between the development and economic status of the various countries bordering the sea. Obviously capital will be invested in a merchant marine only when the return will be normally larger than capital produces in business on land. The risks at sea

are considerable, maritime insurance is always relatively high, and, with other factors not present in ordinary business, conspire to deplete the gross profits at a rapid rate. The sailors, outside those few born with an itch for the sea, are recruited as in most occupations from those who find other available employment less attractive. Naturally they come from nations where life on shore is least desirable.

Until about 1850 the conditions along the Atlantic coast fostered an American merchant marine. The coastwise trade with the West Indies, the triangular trades to Europe and Africa were enormously more profitable than agriculture or rudimentary manufacturing. They invited the investment of such capital as there was and enlisted the services of numbers of able and adventurous men. The forests of America, moreover, provided in more abundant measure than those of leading European States the materials for building wooden ships and gave this country a very real economic advantage over England, Germany, and France, where labor was plentiful but where the raw materials for ships were expensive because brought from the Baltic. For a time the Atlantic coast of America more nearly combined the economic advantages of cheap material and resident labor than did any country in Europe. When the West India trade

became less profitable and more difficult, a vast market in Europe for American grain and war freight rates gave another great impulse to our merchant marine.

Then came a change. The discovery of gold in California, the enormous profits of the cotton culture in the South, the Civil War, the Pacific railroads, the Homestead Acts, all tended to multiply attractions in America at a time when the building of steamships of iron gave the European nations a much greater proportionate advantage in the manufacture of ships than we had previously possessed. The industrial organization of the United States was not complex enough to compete with European metal work and American capital promptly turned to the lucrative opportunities for investment in America which were then multiplying with such rapidity.

Promptly, too, the steamship transformed the sailor's life. On the old sailing ship a certain spice of adventure and danger, a variety of scene which contrasted favorably with the monotonous existence in one spot then common on shore, attracted a fine type of men. The sailor saw many ports and types of life, possessed many resources for amusement which the landsman did not at that time have. Many and many a man went to sea because life on the old clipper

ships was more interesting than the life of the farmer or the ordinary mechanic. But the advent of the steamship reduced the sailor to the rank of a machinist, coal heaver, painter, or day laborer, forcing him to execute upon the ocean the same tasks which his fellows performed on shore. If the attractions were less, and the work the same, the discomforts were greater. Cramped quarters, poor food, exposure without the spice of danger to glorify it, an immensely laborious few days in harbor, followed by a dull, monotonous routine at sea, create a sort of life which has natural attractions for only a handful of men who cannot rid themselves of the liking for a sniff of the salt air in their nostrils.

Conversely, life on shore has become more interesting, a thousandfold more varied than before the railroad, the modern theater, the moving picture show, and the department store began to cater at small expense to a wide range of tastes and notions. The very reasons which brought immigrants to the United States in millions kept them and all American citizens on shore. The demand for labor has regularly exceeded the supply. Free land might also be had for the asking upon which any man could easily accumulate a competence for himself and his children. The superior attractions of life in America on land stand in the way of an American

merchant marine. This is the true barrier and obstacle, and subsidies and navies will not remove it. To millions of people in Europe the ordinary conditions of life in America seem vastly superior to their own. From that class comes the sailor. The Orientals, also accustomed to conditions at home truly horrible to Americans, have invaded the international merchant marine. With them American citizens will neither live nor work. The sea is now listed among those disagreeable tasks which no self-respecting American citizen is willing to perform.

Those same economic conditions which make life attractive in the United States create a higher wage and price level in this country than abroad, which clashes with the wage level at sea, based upon the international demand and supply for that type of labor. No American can buy for himself the necessities of life at home with the wages paid on tramp freighters and regulated by the necessities of life in European and Asiatic countries, where the attractions on shore are least and the conditions hardest. We cannot compel this merchant marine, by any methods in our control, to alter conditions of life which are really dependent upon the fundamental geographical disabilities of other countries which neither they nor we may create or modify. To establish an American merchant marine which

will attract American sailors by providing conditions of life comparable to those on land is to set up an industry in defiance of our economic disabilities. Not only will the cost be disproportionate to its value, but so long as such conditions persist the industry can never become profitable or normal. It is idle to talk of temporary assistance, because the disabilities under which we at present labor are likely to persist for a good many decades to come.

Another almost insuperable fundamental difficulty has lain in the inability to secure American capital for investment in an American merchant marine. So long as the capital invested was to be found in the forests of Maine and in the loins of her citizens, a merchant marine could be created, but while European capital, whose price depends upon economic conditions over which we have no control, commands the merchant marine of the world, we cannot hope to compete. Until the foreign standard of living shall be raised, or the American standard lowered; until the foreign price of capital shall be raised, or the price in America lowered, permanent economic disabilities will remain which cannot be altered. American legislation compelling all ships which ply to our shores to regulate their wages and standards of living in accordance with the American scale can only raise

freight rates to defray the additional expense. The profits will remain the same, and even should American seamen enlist in large numbers, there can be no true merchant marine under an American flag until the profits can be so increased that American capitalists will voluntarily enter the field in sufficient number to create a merchant fleet of real size and capacity. If we wish a merchant marine of our own, we must create it in accordance with such economic conditions as prevail in the international shipping market.

These disabilities do not apply to coastwise, lake, and river shipping. Being within our territorial limits, capital and labor are in them governed by economic conditions identical with enterprises on shore. In fact, foreign capital and labor here are at so great an economic disadvantage that they are foreclosed competition, and the American marine for this sort of service has always been prosperous and of large size. At present the tonnage in our coastwise, lake, and river marine aggregates several millions, and a phenomenally large tonnage is under construction, chiefly intended to replace the British and German tramp freighters which ordinarily ply between the Atlantic and the Gulf ports. This flourishing industry, governed by American conditions and assured of permanence, must not

be confused with our merchant service devoted exclusively to the foreign carrying trade, nor must its tonnage under construction be added to our present tonnage in foreign service.

So extraordinary an effort as the development of an adequate merchant marine will involve can never be expedient for the United States so long as we have an opportunity of alliance with the sea power. To compete with Great Britain for the ocean freights is to imperil the maintenance of her merchant fleet, to reduce its rate of profit, and therefore to deplete the strength of the very power which we are enlisting in the support of our own interests. An attempt to compete with the British fleet by means of an enterprise stimulated or created by the Government will incur the immediate displeasure of British capitalists and investors and risk at once the good will of the sea power. What we ourselves bring is under ordinary circumstances so little indispensable that our alliance with her will rest upon foundations by no means so solid but that they can be shaken. Our interests in the commercial world are so entirely complementary to hers, the competition between the two nations is so slight, that any attempt to perform such a service for ourselves merely in order to do so will be a waste of money and effort. It is not to our interest to sap the defen-

sive and offensive strength of the sea power any more than it would be wise for Kansas to attempt to compete with Pennsylvania in the iron industry merely to have foundries of her own. The present sea power possesses the only force in the world which we have any probable chance of enlisting permanently in our service and we cannot afford to alienate her good will.

In Congress and in the country at large, government shipping lines to South America have been urged to increase our direct trade with that continent. Here again fundamental economic obstacles are those of which we really complain. Not the absence of American ships, but our inability to utilize ourselves a larger proportion of the raw products exported by South America stands in the way of extending our direct trade. To be sure, a certain direct trade we do carry on, but the amount is small. Its increase in any one year is slight because the normal growth of the market in South America, controlled by the law of supply and demand, increases only with the slow growth of their own net profits. The law of supply and demand does not create a large direct trade between the United States and South America under normal conditions and the institution of any number of shipping lines cannot be substituted for fundamental economic forces. Still less can they interfere with those funda-

mental economic conditions which do establish direct trade between South America and Europe.

Many feel that the proximity of the United States to South America would give an American merchant marine a great economic advantage in South American markets, for direct transportation over a shorter distance means cheaper freights. Such geographical proximity is a fallacy. We must measure, not the distance between the tip of Florida and the northern coast of Brazil, but the distance between the centers of manufacture and distribution in the United States and the centers of trade in South America. So far as actual mileage is concerned, New York, Boston, and Philadelphia are just as far from Rio de Janeiro and Buenos Ayres as are the principal European ports. A direct line could not result in cheaper freights. Indeed, so long as American capital controls it, the freights must be higher, if the enterprise is to pay its own way.

An American merchant marine is not the true remedy for our real difficulties. Contact with Europe would not have been much simpler or cheaper at the outbreak of the war, even had we owned a truly large merchant service. Certainly nothing could have been achieved by so very moderate a fleet as is at present under discussion. Shipping experts again and again have pointed out that the difficulty in securing freight-

ers after the outbreak of the war was not due primarily to a lack of ships. While the German fleet became unavailable, and many British ships were commandeered for government service, the amount of the world's foreign trade fell off immensely, the rise in insurance rates put obstacles in the way of commerce entirely out of the ordinary, and the demand for cargoes fell off in some rough proportion to the limitation of supply.

The real difficulty seems to have lain in the lack of adequate facilities for unloading any such number of ships as became concentrated at a few European ports. Docks were too few, stevedores enlisted, the vacancies in the economic fabric made it difficult to provide substitutes for such disagreeable tasks, and ships were detained in European harbors waiting to be unloaded for periods exceeding the time ordinarily required for three or four voyages. The interchange of commerce is dependent, as a matter of fact, upon frequent voyages by ships, not upon the carriage of the world's commerce by a number of ships whose total tonnage is that of the commerce carried. If the same number of ships make only half as many voyages, the facilities will be precisely fifty per cent short. No number of ships under the American flag would have changed these conditions. The glut of

commerce at London, Rotterdam, Bordeaux, and Vladivostock would simply have been increased by that number of ships, and their failure to return promptly would have created precisely the same problems.

It is difficult to see the real gain for the United States in subsidizing the construction of a moderate fleet to ply to Europe or South America. It would not render us independent of European fleets, nor give us such facilities as an economic or military crisis in Europe would make advisable. It could not increase our direct trade with South America or Asia and would obviously not increase our commerce with Europe. If resolutely founded upon the law of supply and demand governing the international marine, the conditions of life would be such that no great number of American sailors would enter the service, and even then the freight rates would not provide that rate of return which American capital expects. Inasmuch as we are in no real danger of losing the services of the sea power, even should it change hands, and inasmuch as the creation of a really adequate merchant marine is all too probably an effort which we are unable under present circumstances to make, it is hard to see what end will be subserved by the costly experiment of creating a moderate fleet under such a decided contra-

vention of fundamental law of supply and demand. There has been a great controversy as to the desires of American seamen and capitalists for governmental assistance. All the schemes proposed have aroused widespread opposition. Indeed, the merits of the controversy are of no consequence, because its very existence points conclusively to a lack of unanimity in American shipping circles as to the desirability of creating a merchant marine at all.

CHAPTER XVI

ASIATIC PROBLEMS

SHALL the United States assert that right to interfere in Asiatic politics implicit in her position in the Philippines and Hawaii, or shall she accept Japan's present domination of the Far East and thus legitimatize and sanction the latter's ambitions? Both alternatives involve losses, the one actual and present, the other contingent and future; the one easy to measure, the other impossible to estimate. Shall the National Government also maintain in regard to the privileges of Japanese the position of existing treaties, which Federal authority is incapable of executing, or shall it rescind them and formulate others consonant with existing legislation in the western States? Both involve a certain degree of national humiliation; both compel the Federal Government to recognize its lack of power to coerce the States; both compel the United States to dishonor solemn international engagements.

A sane and adequate policy can be formulated only by viewing American policies and interests in their relation to Asiatic ambitions and

interests. Above all, the accomplished facts of the situation in Asia must become the foundation of American policy, whether or not they are desirable or justifiable.

There are current several versions of Japanese policies and ambitions, all politely and considerately furnished by the Japanese themselves, and all therefore sanctioned by authority. They are equally credible from a superficial point of view because they emanate to precisely the same degree from men in a position to know the truth. It seems not to have occurred however to a numerous constituency that the mere fact that a witness may be in a position to know the truth gives no guarantee whatever that he has seen fit to include it in his testimony. Much less does it demonstrate that his testimony does not omit or conceal the truth, while saying nothing contradictory. There is a version intended to be read in England, another for use in Germany, a third obviously meant for American missionaries and peace advocates, a fourth directed at American politicians, diplomats, and army officers, and still others for Chinese and Japanese consumption. Fortunately while these versions are at first sight contradictory, they differ only in emphasis and phraseology, and if read in the light of convictions firmly held in Australia, China, Russia, and England, provide a definite and con-

sistent statement which entirely accords with the logic of the situation.

The basic postulate of Japanese policy is the domination of Asia by Asiatics. The mere fact that the Japanese identify themselves with those Asiatics for whom dominion is intended must not conceal from us the true breadth and significance of Japanese policies. They see populous countries, for the most part untrained in European methods of organized warfare and therefore incapable of resisting even moderate measures of coercion from Europe, upon whose rich resources and undeveloped markets the European has fixed his covetous eye. They see their backwardness in mechanical and industrial development and the very real prosperity to be derived from their development in European fashion. They see a determination in European nations to perform these valuable services only after political privileges have been granted to them, which practically mortgage the independence and future liberty of the natives. Already India has been bought and sold; Indo-China and Burmah, with the great islands of the sea, have fallen a prey; and China, the most populous of all, the richest in natural resources, the least developed, the least capable of resistance, has also been marked by the spoiler. Special privileges, extraterritorial rights have been wrung from the

Chinese and little secrecy has been made in Europe of the intention of the great powers to prevent by combined action the loan to China of the necessary capital, raw material, and engineering skill, except in exchange for political and financial concessions so extensive and elaborate that the Europeans would to all intents and purposes dominate that great empire.

Only one country in the Orient does not lie at the mercy of the Europeans, only one has possessed sufficient genius to adapt itself to western habits and methods, to develop within its territory an industrial organization and an army and navy skilled in European methods without in any way compromising its political independence or territorial integrity. That nation regards itself as of necessity the trustee of the liberty of all Asiatics, the only State capable of loosening the greedy clutch upon the Asiatic future — Japan. It is a duty the Japanese owe all orientals, a trust which they must not neglect. It involves necessarily the ending of the domination of Asia by Europe, the termination of special privilege in Asia for Europeans, the formulation in future of Asiatic policies in the interest of Asiatic needs instead of in accordance with European ambitions.

The Japanese, educated in western economic history and ambitions, were not slow to discover the European tradition that in the profits of the

Far Eastern trade lay the secret of the commercial preponderance of European nations over each other. Upon it had been built the Italian cities of the Middle Ages, Portugal in the fifteenth century, the wealth of Holland, the riches of England. On it would the Germans found a new empire; from it the United States would suck prosperity. True or false, Europeans had believed that prosperity lay in access to this fabulous trade of the Far East and that the profits of developing great preferential markets in Asia would spell the dominion of Europe for that fortunate country whose diplomacy and military force could succeed in obtaining them. Why, asked the Japanese, should not Asiatics achieve from the same trade the same prosperity and physical strength which Europeans were certain they could derive? Why should not the Asiatic nations themselves receive the bulk of the profits from their own economic growth?

There should be in future no profits for European capitalists beyond the normal rate of interest assured by the law of supply and demand. Abnormal contracts secured by political pressure, concessions or mortgages of the revenues of oriental countries obtained by diplomacy, would no longer be countenanced. Nor should any oriental country be allowed to grant European nations the right to interfere in its politics.

That this would involve interference with the domestic affairs of certain Asiatic countries, the Japanese realized; that it would spell in all probability action against various European nations which they would term aggression, the Japanese understood. It was an end obviously desirable, but attainable only with the assistance of time and favorable circumstances.

Then opportunity knocked at the door. The European war of 1914 assured Japan practically a free hand for a brief time. Fortunately her foresight had placed her in a position to control the situation. She was the only resident power in the Pacific with a large navy, with a great army, with a modern industrial fabric capable of maintaining and supplying both in action. Moreover, this new industry, created to be sure at a cost which had several times threatened its stability, was able to render the Chinese and other orientals the most essential economic services for which the Europeans had expected such extravagant prices. Independence of Europe was a possibility; the Japanese even believed it was an actuality. So far as the orientals themselves were concerned, the superiority of the Japanese on sea and land was overwhelming, while the European war removed all fears of a dispatch to the Far East of a force adequate to interfere with Japanese arrange-

ments. Everything was at their mercy. They had merely to decide how to achieve most expeditiously and cheaply those aims upon which their hearts were set. A treaty with Great Britain promising ostensibly the services of the Japanese fleet in Great Britain's interest permitted them to take into their hands the actual control of the Pacific.

The danger point of the situation lay in China. Obviously the hatred and suspicion of the Japanese in China made a voluntary alliance improbable, though it was doubtful whether an alliance would serve the purpose. The Japanese were agreed that they could not permit the Chinese to exercise their own sovereignty if it were to result in the establishment in China of a strong economic entity under European control. However considerable might be the economic development of Japan, however successful her financial operations for the payment of her enormous debt owed to Europe, she could never expect to compete with the new entity which European genius and capital could easily develop in China. The disparity in population, in area, in resources, were so overwhelming that Japan's own future could scarcely be considered secure if the concert of European powers was allowed to have its way in China. Such action would ultimately transfer to Asia European quarrels and rivalries, invite

warfare in Asia between the various European States for the control of Asiatic nations, and postpone for a century or more Asiatic independence of Europe. The outbreak of the European war gave the Japanese the opportunity to establish the necessary political relations with China.

The defensive character of this policy is abundantly clear to the Japanese, who protest with clear conscience a lack of aggressive purposes. They are able to extend to Chinese statesmen definite pledges that the domination of China by Japan in the vulgar sense is not their object and never could be for them truly expedient. They point out that the disparity in size and resources of the two countries must always guarantee Chinese independence, must make Japanese control of Chinese policies temporary. Nor does Japan apparently ask for herself that type of concession which she insists that the Chinese shall not make to Europeans. She merely demands that, if made at all, they shall be made to Japan herself. All existing privileges and possessions of Europeans must be left untouched for the present, though this will in all probability not be dangerous. Although these strategic points furnish a basis for aggressive action, so long as no aggression is undertaken, the continued possession by Europeans will not be vital. Until it becomes evident that the latter are about to undertake

active measures, it can never be expedient for Japan or China to interfere with existing arrangements. They must stand upon the defensive and pledge peace and all existing rights in return for peace and a recognition of the rightfulness of the control of Asia in Asiatic interests.

The Japanese correctly contend that this policy in no way threatens the territorial integrity, the political independence, or the prosperity of Europe or America. With legitimate ambitions it does not clash; with such access to Asiatic trade as is mutually advantageous it will not interfere. It does assail aggressive possessions and policies to which none of these foreign nations have any true right; it does intend to make impossible of attainment ambitions they have undoubtedly cherished. The two propositions are by no means contradictory. The defense of Asia against unjust oppression is certainly not an attack upon the legitimate ambitions or independence of Europe or America. It is even easy to justify Japanese expansion as a truly peaceable, defensive movement for the furtherance of what might almost be called an altruistic conception of the Asiatic future, if we will judge it by the logic the Europeans apply to their own relations.

Nevertheless, any attempt to interfere with that control of the situation which the Japanese actually possess will precipitate prompt naval

and military action. Should it become probable that the result of the war in Europe will so strengthen either Russia, Germany, or Great Britain as to enable them to defend themselves at home and at the same time spare the necessary military or naval forces for operations in Asia, the Japanese will undoubtedly gather into their hands as much as possible before such aggression can possibly be begun. Similarly, should the United States undertake the creation of sufficient military or naval forces to become dangerous, Japan will promptly seize our island colonies and thus forestall aggression. Possession of the latter, of the Dutch colonies in the Spice Islands — which Germany is supposed to covet and which would be the object of an annexation of Holland — the occupation of Sumatra, the Straits Settlements, and the fortification of the great harbor of Singapore, the true key to the Orient, will all be indispensable. Military operations against the Russian outposts in Mongolia and Manchuria will also be imperative. Further concessions may have to be extorted from China in order to insure her military coöperation and a sufficient control of Chinese foreign policy to forestall the diplomatic pressure of the European Concert. Should Japan so act before the close of the European war, it is difficult to see how her position could be successfully assailed.

Here then is the real issue in the Far East. Shall the United States tacitly recognize and sanction this situation and the policy which lies behind it? To take no action will mean that the only power in the world at present capable of interfering will allow Japan to complete undisturbed the military, naval, and industrial preparations necessary to render this new position impregnable. By thus sanctioning the action of Japan in China the United States will definitely abandon interference in the Far East for the sake of abnormal privileges in trade. The alternative for us lies in elaborate military and naval preparations. We must prepare to hold our present aggressive positions with adequate force or renounce those ambitions which constitute the sole reason for holding them.

Unquestionably the United States was and is feared in Japan. There was some apprehension lest we champion the interests of China and cause her to undertake a campaign of resistance, which would indeed be futile of real effect but which would cause the Japanese infinite trouble. War would sow a spirit of resentment in China, which would imperil the future coöperation of the two countries and render improbable that cordial understanding which the Japanese see is essential. An assiduous press campaign was waged in the United States by the Japanese au-

thorities; interviews and statements, books and messages of the most subtle nature were arranged so as to influence all shades of American public opinion in favor of Japan at the precise moment when the negotiations with China became public. It may be true, of course, that we have here a mere coincidence, but the student of foreign affairs soon becomes suspicious of such happy coincidences, the results of which are so exceedingly beneficial to a party whose interests are obvious. The campaign did conceal from the American public the vast significance of the movement, not by misstatements, but by omissions and carefully placed emphasis.

For the United States an alliance with the sea power in the hands of Great Britain, or for that matter in the hands of any other European nation, will compel us to countenance and, so far as in our power lies, advance those ambitions and policies which our European ally deems essential and which are not in themselves contrary to American interests. Should Great Britain therefore decide at the close of the war to contest with Japan the control of China, access to the Far East through the Panama Canal, the use of Hawaii, of the American coaling stations, of the Philippines as a naval base will become literally the prerequisites of a successful campaign. Neither our own fleet or army will be necessary

factors in the campaign, though our assistance may be desirable. If diplomatic rumor has any basis in fact, the occupation of the Philippines and of the Pacific Islands by the United States was due solely to Great Britain's unwillingness to allow them to fall into the hands of Germany and to the impossibility of seizing them herself without precipitating a European crisis. If this be true, we have been merely trustees and can easily discharge our obligations by relinquishing possession to the sea power. Such contingencies however will be governed by European policies and ambitions and not by American interests; they are not matters which the United States will decide and will form no integral part of an American foreign policy.

American interests will on the contrary counsel as expedient the renunciation for the immediate future of all ideas of aggressive action in the Far East in the interests of abnormal commercial privileges. Even should we successfully obtain a political status which would enable us to invest capital under the most favorable conditions, and to establish by political and diplomatic influence social preferences and economic wants which our own exports would be needed to satisfy, we are not now able to utilize such an opportunity. We are not concerned with any fancied dependence of the United States on other countries.

We are visualizing the economic requirements for the development of the almost unlimited resources of three hundred millions of people: capital without limit, manufactured goods almost beyond computation, exports of crude material almost larger than the imagination can grasp. Any supply of capital adequate to develop even a segment of Chinese resources we do not possess. At present we cannot consume more than a fraction of Chinese exports, nor provide more than a very small part of the machinery and supplies necessary to develop the country. Whether Europe itself is economically capable of developing China at the utmost speed is very doubtful.

Japanese control of China purposes no interference with present trade conditions or with the present access of European and American merchants. They see with clarity the impossibility of utilizing in Japan more than a portion of the exports of China, or of making in Japan more than a part of what the Chinese must buy. Such a limitation upon Chinese trade as a monopoly in Japanese hands would fatally limit, if not destroy, the very economic growth which they wish to foster. European and American capital they will welcome — nay, they will invite — on those same economic terms which prevail in Europe. The purchase of Chinese goods by foreign merchants, the sale of foreign

commodities to China will be stimulated to the maximum. There will be but one condition: it must involve no political concession or extra-territorial privilege not already in existence.

Beyond any doubt the Asiatics would prefer to obtain the bulk of their capital from the United States. It might almost be said that only our economic disabilities prevent us from obtaining as near a monopoly of the Chinese market as it is possible for a foreign nation to secure. The inefficiency of our army and navy, our distance from Asia, our apparent lack of as imperative a need for foreign markets as European nations possess, make political concessions less useful to us, render us less capable of enforcing them, and less anxious to extort them. We need therefore have no fear that we will lose any trade we now have of real value to us, or that we will sacrifice any opportunities of which we can avail ourselves in the immediate future, if we explicitly renounce all intention of securing abnormal privileges in Asia. If we promulgate once more the doctrine of the Open Door in the sense of no privileges in Asia for any foreign nation, we shall meet with a most enthusiastic response from the orientals and will adopt as our policy that notion of relationship most acceptable in the Far East.

While we thus frankly recognize the truth of

the Japanese contention that their ambitions are not hostile to the present interests or position of continental United States, nor to its true future commercial interests in Asia, we must not forget that the successful assertion of Japanese ambitions may involve the loss of territories we now hold and of certain aspirations which American statesmen have cherished. In any case we shall lose our Pacific possessions, even if we retain them, because their sole value lies in the base they furnish for the advancement of American interests in Asia. The Japanese will permit us to retain physical possession only by renouncing the policies which physical possession implies.

But we can easily afford to sacrifice the Philippines, Hawaii, and the coaling stations. They have no intrinsic commercial value which offsets the expense of administration and the maintenance of order. Indeed, for this very reason the Japanese will prefer to leave such liabilities in our hands, so long as there is no likelihood of their strategic use. Nor will all of them together place the Japanese in a position to conquer or colonize our Pacific coast. The great width of that ocean, the stupendous cost of so extensive an operation as even a temporary invasion would involve, will always protect us. While Japan is physically able to land an army on the Pacific

coast and maintain it for some months, she will be more likely to seize what she wants and give us the alternative of ceding it or of fighting a war for it in the Far East.[1] She will thus transfer to us the problem of conducting operations at long range. War with the United States, though a possible method of furthering present ambitions, is inexpedient and unnecessary for Japan.

The successful Japanese colonization of the Pacific coast of the United States is without doubt impossible. The ease of establishing such a colony, while we are disarmed, does not conceal from the Japanese, as it does from Americans, the insuperable difficulties of perpetuating it. The ultimate effort the United States could and would make to defeat such an attempt would easily be ten times the force Japan could exert at such a distance to maintain it. The element of time would be in our favor; we should operate from our base of supplies and draw upon a population double the size of Japan's. The final issue could not be in doubt and the only matter for speculation would be the length of time we should require for adequate preparations.

Besides, the Japanese would be lacking in

[1] This is not contradictory with the opinion already expressed in Chapter III that the Japanese can compel us to cede the islands only by an attack on continental United States. That seems to be true; but it also seems probable that they will prefer to dispense with titles and technicalities and rest content with possession.

sanity to establish colonies eight thousand miles away when admirable opportunities already exist on the Asiatic shores across from Japan which are already in her control. In Korea and Manchuria will be the New Japan, and, if additional territory is eventually needed, Australia affords suitable natural opportunities and its sparse population can be easily conquered by a highly organized military and naval nation nearly ten times as numerous. For exploitation of the European type, the Spice Islands, Sumatra, Java, Borneo, and the Philippines offer excellent opportunities which can be developed without extensive colonization. If the Japanese retain any remote traces of sanity, they will not attempt to colonize the western coast of North America in preference to Asiatic opportunities of such unexampled richness. The mere fact that the former spells a long war with a great people while the latter may be had for the taking, will alone decide the issue.

A minor point, but one worth noting, is the inexpediency of any attempt by the United States to advance its interests in Asia by force. Waiving the fact that it will always be inexpedient to attempt the forcible creation of interests which cannot be established by force, the United States is unable at the present time to put in the field, or on the water, sufficient or-

ganized force to hold the Philippines and Hawaii against Japan. The latter not only possesses an extremely efficient army and navy of great size, but has the incalculable advantage of being upon the field of action. The occupation of the Philippines by the Japanese would be an operation of the greatest simplicity; the seizure of Hawaii might even be effected by the Japanese who already live there. To retain possession, or to regain it once lost, we should be compelled to exert as much force as the Japanese can, and inasmuch as we should be driven to campaign from a great distance, we should be compelled to use enormously more effort in gross to produce the same net effect in the Far East. We must not forget that the present preparedness of Japan would enable her to consummate with the greatest rapidity all fortification of our present possessions necessary to render the success of an assault problematical with whatever force we arrived. But even assuming the exercise of such force possible, it would still be inexpedient, because it would certainly cost the United States a sum far greater than the total profits which might conceivably accrue to us from any development of the Chinese trade of which our present economic fabric is capable.

There remains the question of Japanese rights in the United States, the admission of Japanese

as desirable immigrants, and our willingness to grant them full privileges of citizenship. To decide this issue by theoretical considerations in defiance of the prejudices or misconceptions of any large section of our own population would be inexpedient. Fundamental reasons also exist for accepting as sound statesmanship the desire of the people on the Pacific coast to exclude the oriental from the United States and to prevent as far as possible the acquisition by orientals already here of the full privileges of citizenship. The truth seems to be that the Japanese and Chinese do not amalgamate with our own population. It would be a work of supererogation to speculate upon the reason; the fact itself is sufficiently clear. The admission to this country, therefore, of a large number of Chinese or Japanese will create insoluble social and political problems of the utmost gravity for a democratic country. Those whose political or social equality we find ourselves unable to accept, we wrong by admitting to our soil. Let us therefore exclude the orientals solely because we cannot assimilate them. There can be no other ground half as adequate. We must, however, expect to renounce all those privileges and rights in oriental countries which we might have obtained by the cession to orientals of similar rights here. Their trade we shall secure by reason of fundamental

economic forces with the operation of which, when mutually beneficial, neither nation wishes to interfere. Personal privileges we cannot expect to receive which we do not accord to their citizens in this country.

There is no probability of war with Japan unless we ourselves create it by an attempt to retain aggressive positions whose maintenance is made inexpedient by our own economic status. Such a war would be, as the Japanese themselves declare, contrary to the best interests of both nations. If we are wise we shall accept the limitations which our economic disabilities impose upon us, which Asiatic interests and ambitions beyond our control create, and formulate an American policy in the Far East consistent with both.

CHAPTER XVII

SOUTH AMERICA AND THE MONROE DOCTRINE

The Monroe Doctrine is our most dangerous possession, our best known and oldest tradition, one of the few notions associated with our foreign policy which survived conception.[1] The public at large and statesmen for nearly a century have never agreed at different epochs upon its purpose, nor has there been at any single epoch an overwhelming majority in favor of any single interpretation of its intent. Periodically we reiterate its significance as a fundamental tenet of American policy; as assiduously we explain to other nations that it does not possess the only connotation which seems to them to correspond with the facts of the situation. We seem afraid to define it, afraid to use it, afraid to discard it. Any policy is a source of extreme

[1] The propositions of this chapter have been developed at some length in my *Pan-Americanism*. The discussion of the Monroe Doctrine in Henderson's *American Diplomatic Questions* I have found the most comprehensive of the briefer statements. The reader will find the perusal of British, French, and German views enlightening. The brief account in the *Cambridge Modern History* of the European diplomatic tangle, out of which the Doctrine grew, will do much to orient an American's conceptions of relativity.

danger, a fruitful soil in which disagreements may develop into wars, which connotes many meanings to the American people, none of which seem real to other nations. If it is an all important postulate, it must be capable of definition; if the public mind is unable to agree upon its purpose, the Monroe Doctrine is not a policy at all and its maintenance is inexpedient. Unless a definite, consistent, significant meaning can be expressed in words which the overwhelming majority of American people will approve and which the words will connote to other nations, the Monroe Doctrine is a source of grave danger. Apparently, too, another expression, equally dangerous because of its multifold connotations, is growing into usage — Pan-Americanism.

A candid and unbiased student must agree with the Latin American and European verdict upon the Monroe Doctrine. All its versions but one are either obsolete or fallacious, and the single meaning which does possess significance threatens aggressive action against other nations of a nature which is not at present expedient or possible for the United States. If the Doctrine is harmless, it lacks agreement with reality; if it is aggressive, it is beyond the power of the United States to maintain.

Its oldest meaning assumed that South

America[1] was threatened with political domination from Europe and needed the protection of the United States; that the South Americans were anxious for us to protect them and unable to protect themselves. To-day none of these postulates are true. If the United States is to quarrel with Great Britain or other European nations for the purpose of protecting South America from political conquest or economic aggression, we shall go to war with our own best friends in order to perform for the South Americans a service which they neither need or desire, and to prevent the extension of those relations between them and European countries most beneficial to them and to the Europeans.

Any meaning of the Monroe Doctrine which assumes supervision of the internal administration of the South American States to insure the maintenance of order, establish firm government and democratic institutions, is flatly contrary to the primary tenets of American democracy.

[1] This statement is not entirely accurate because Central America and the Gulf of Mexico were in all probability more closely associated with Monroe's original message than South America itself; but I am making a sharp distinction in this chapter between the land south of Panama and that north of the isthmus. The latter, which I contend differs in condition, must be treated differently in policy. Everything said in this chapter refers, except when otherwise stated, to South America proper. My contention is that the Monroe Doctrine is obsolete and fallacious regarding South America, but is still useful for Central America and the Gulf of Mexico. It must therefore be explicitly restricted to the latter.

We may perhaps justly interfere in the affairs of countries less developed than the United States, but we cannot term our policy democratic. For we ourselves declare that the most precious possession of any people is their right to frame their own institutions, to elect themselves those who will formulate and execute such statutes as they deem wise and expedient. If the Monroe Doctrine confers upon us a right to supervise internal conditions in South America, it is inconsistent with the ideals of a democratic nation: it alleges a right for us which we deny to others.

Many are convinced to-day that the most expedient reading of the Monroe Doctrine denotes the brotherhood of all citizens in the western Hemisphere and recognizes their common heritage of democratic ideals and their identical purposes in the establishment of free governments. Such an interpretation conflicts diametrically with one of the oldest and most definite legal traditions of our constitutional law — the denial to the Indian as an Indian of citizenship and legal privileges. It also is contrary to one of the best established social traditions in American life — the denial to the Indian and the negro of social equality and the privilege of intermarriage.

Pan-Americanism, in the sense of America for the Americans and the exclusion of the Europeans

on principle, does definitely claim the existence between the two continents of interests closer than those which either possesses with Europe. If this be the Monroe Doctrine, if this be Pan-Americanism, it is founded upon a fallacy which any textbook or encyclopedia will disprove. The extension of American trade with South America beyond its present limits assumes a mutuality of benefit which very clearly does not and will not for many years exist. Indeed, any idea of special interests, privileges, duties, obligations between the United States and South American countries proper which neither has with Europe are contrary to the true interests of South America, of the United States, and of Europe. The truth is that both the United States and South America possess already and must continue to have in the future closer contact with Europe than with each other. Any foreign policy of the United States which countenances as a fundamental tenet a postulate diametrically contrary to these facts will be dangerous and inexpedient to a maximum degree. Any effort spent in its promulgation or preservation will be contrary to our own best interests and those of our friends and will be literally undertaken for the purpose of destroying those relations most advantageous to us and to those whom we claim to protect.

If such, moreover, be the meaning of the Monroe Doctrine, it is not possible of attainment. It assumes an independence of Europe, both economic, political, and military, which does not exist and which by all reasonable computation is not within the power of the United States to achieve within the next generation. Until our navy is at least as large as that of Great Britain, all talk of defending South America from Europe, or of excluding the Europeans from South America, is impertinent and dangerous, because we declare the intention of accomplishing what every one knows we are incapable of performing. Until an American merchant marine adequate for the carrying of all American commerce actually exists, until banking facilities have been provided by American bankers in all countries and particularly in South America, any defiance of Europe, or the exclusion of Europeans, or indeed any limitation of European influence in South America will be impossible. We must at least be ready to perform for the South Americans those services which the Europeans now render. Should the South Americans object to the Monroe Doctrine, the United States is at present entirely without the power to coerce them. Not only is it true that the larger States are quite capable of defending themselves against European invasion: they are quite as

able to protect themselves against pressure from the United States.

Preparedness adequate to enable us to exclude the Europeans by force means armament adequate for the conquest of South America. They are well aware of this fact. So are Europeans. Apparently, too, American statesmen ignore the preponderant commercial interests of European nations in South America, the enormous debts which the South Americans have incurred and whose payment they have promised. Obviously European investors were induced to establish such extended business relations only by the assurance of political and naval protection against interference with the safety of their capital or against a disturbance of normal economic conditions. The South American Governments in the larger States have themselves undertaken to maintain order, and the European Governments have definitely given them to understand that they will themselves interfere if necessary in the interests of both. Is it to be supposed that they will not redeem these pledges, or that the South American Governments will hesitate to call for assistance should the United States attempt to interfere either in the defense of the Monroe Doctrine or by the promulgation of Pan-Americanism? Are we not mistaken if we suppose the United States able to overcome such resistance?

When the guarantee of the Monroe Doctrine by all the American republics is proposed — assuming that a definite notion of the Doctrine has been agreed upon — it can have no other result than that of forming a defensive alliance of the republics against Europe. Like all other plans for the modification and extension of the Doctrine, it lacks reality because, as has been already said, the connections between South America and Europe are already so intimate and the relations so entirely cordial that any disturbance of either would be as detrimental to the South Americans as to the Europeans. Such a defensive alliance is unnecessary for South America. It is only for the United States that it possesses advantages. For us to secure from them assistance in the extension of American interests at the cost of European interests would indeed be beneficial — to us. Shall we not nourish a delusion if we suppose that they do not see this?

And must we not realize that their apparent approbation of closer union, their willingness to coöperate in conferences, congresses, and particularly in the establishment of the Pan-American Union is susceptible of a different sort of interpretation from an idealistic conception of brotherhood? No European diplomat would hesitate for a moment to conclude that these

conferences and executive bodies are extremely useful to the South Americans because of the opportunity which they furnish them to become acquainted with one another, to discuss their own common interests, and compromise their differences and disagreements. An executive body meeting in secret in Washington allows the South American republics to establish precisely that sort of concerted action and agreement most advantageous for them in their opposition to the extension of American influence in South America. The United States in fact is induced to sanction a regular series of secret meetings, which it would otherwise be extremely difficult to hold without arousing suspicion. When American members attend, indifferent business can always be discussed. Indeed, it will be a simple matter to form alliances against us at meetings held in our own capital city for the ostensible purpose of promoting friendship with the United States. Any such extension of relations as the American people fondly assume is being discussed are so contrary to the interests of South America that no seasoned observer in Europe would for a moment accept any other explanation of the readiness of the South Americans to coöperate.

Other proposals for the extension or modification of the Doctrine also arouse suspicion in

other nations. Much has been said in unofficial circles of an extension of the Monroe Doctrine to Europe and to the world. If a guarantee of the independence of the smaller States by an agreement of the larger States is meant, nothing but the familiar doctrine of neutrality is involved, and the case of Belgium has already proved its futility. The only other alternative would be a general congress of nations for the establishment of international peace, commonly denoted by the term, the United States of Europe. Of this possibility Europeans are skeptical. But if such an extension of the Monroe Doctrine to Europe means a guarantee by the United States alone of the peace of Europe, or the prevention of aggression and war in Europe, it rests upon premises difficult to understand. Of a similar nature are the proposals made with apparent seriousness of the extension of the Monroe Doctrine by the United States over Great Britain, for the purpose of protecting that power from invasion by Germany. So far are these proposals removed from what is considered in London, Paris, and Berlin to be sane international thinking, that they arouse fears of ulterior purposes. In the light of European premises they are so extraordinary in their perversity and ignorance that they would be classed as the vagaries of an unsound mind were it not that the quarters from

which they proceed rouse fears of subtly aggressive policies. Until we are economically independent of Europe, any guarantee of European peace or of the independence of European nations by any American doctrine is impossible of achievement.

At the same time it is idle to deny that there are many extensions of relationship between the United States and South American nations mutually advantageous and entirely desirable. The Pan-American Union, for instance, is performing a most useful work in the dissemination of accurate information about commercial opportunities in South America of which the vast majority of American merchants are entirely ignorant. There are great possibilities for the increasing of legitimate trade with South America, based upon fundamental economic forces already in operation. Arrangements for direct transportation, for direct exchange by more extended banking facilities, would obviously redound, if successful, to the advantage of all. If a business court for the hearing of commercial cases between the citizens of the various republics could be organized; and uniform laws regarding contracts, bankruptcy, and process for the collection of debt could be adopted, serious obstacles in the way of trade would be removed and economic profit would result for the citizens of all countries. Common police regulations for the ap-

prehension of criminals fleeing from justice and for the keeping of the peace along the boundaries of all countries would be clearly advantageous, especially, if authority on both sides of the border, something after the fashion accorded the old English and Scotch marches officials, could be provided. Yet any and all of these beneficial arrangements would be even more profitable and advantageous if they could be established between the United States and European nations. Indeed, there seem to be no connections mutually advantageous to the United States and South America which would not be equally normal and advantageous between the United States and Europe or between South America and Europe. These are merely those provisions for international comity and equity whose expediency has been long admitted.

This is apparently the meaning attached by the President to the word Pan-Americanism. It is unfortunate, however, that the term employed to denote relations entirely normal between all civilized countries should be one which bears in Europe so peculiar a connotation. The prefix "Pan" there invariably denotes a closer bond between people of the same race, intended to provide them with exclusive privileges and to render them capable of defensive action in the interests of their own organized life against

other countries and races. Where we have in mind a greater friendship between existing entities, we ought not to employ a word indicating to the European mind the forcible creation of new entities. What the South American nations ask of the United States is a recognition of their independence, territorial integrity, political sovereignty of exactly the same nature which the United States accords Great Britain and Germany. They wish to hold to us that same type of relationship which European powers have. They wish to become in the strictest sense foreign territory. Either the Monroe Doctrine and Pan-Americanism signify the direct contrary or they have no meaning at all which justifies either the doctrine or the name.

In fact, our relations with the South American nations must be governed by existing conditions: first and foremost, by our economic dependence upon the sea power and by a definite recognition of her potential domination of South America; next, by the inferiority of the economic structure of the United States as compared with European nations; lastly, by the fallacies of Pan-Americanism. Until we can take control of the approaches to South America in fact, the Monroe Doctrine is an unreality, whether it stands for defense or offense. Our alliance with the sea power will, naturally, inspire us to renounce all

policies detrimental to its interests or contrary to its policies. Such the Monroe Doctrine is. In 1823 there was no doubt in England that it was addressed to England and not to Spain. Unquestionably the sea power will be glad to share with us its trade in South America, partly because its interests will also become ours, partly because no nation can monopolize the trade of that continent without literally buying all they have to sell. Clearly, the use of rubber, coffee, timber, and hides in the world is much more considerable than in any single country. There is no immediate danger that we shall lose in South America any commercial advantages which we are now able to develop.

Aside from justice and equity, aside from an alliance with the sea power, quite apart from the impossibility of forcible interference by the United States in South America, there is no purpose whatever of obtaining abnormal privileges, because our own economic fabric is not yet able to take advantage of more opportunities than we already have. Supplies of capital for investment in South America we have; a supply adequate to South American needs every one knows we do not possess. Direct trade with South America we already have; a direct trade of any proportions does not and cannot exist until we are able to use a larger proportion of

the South American output. Until our economic fabric is much more complex than it is at present, we cannot think of extending our trade relations with rapidity. Nor would it be advantageous for us to interfere with their present trade. The great bulk of their exports are hypothecated to the creditor countries, and for us to attempt by force any interference with the normal payment of their obligations would promptly disturb the credit structure of the world, upset European markets, and produce consequently upon the United States itself a reaction more costly and serious to American business than any conceivable profits a large direct trade with South America could yield. There are limitations to the beneficial influence of force in economic relations. It can often assist a strong creditor nation in extending its relations with countries inferior in strength. It can never permit an undeveloped or inferior economic fabric to contend with a strong creditor State. Artificial obstacles force may remove, but economic factors it can at most merely assist. Our economic fabric is not yet ready for such assistance.

We must accept, therefore, without protest or complaint that share of South American trade to which our comparative economic development entitles us, realizing that it will grow as we grow and as they grow; and that until eco-

nomic independence is a fact for the United States beyond all argument, we cannot hope to create different relations. If other nations by the undue and unjust exploitation of their own interests interfere with the normal working of economic forces to our detriment, we shall expect the sea power to interfere in our behalf, but if the sea power and diplomacy fail, we must accept the situation.

With South American nations let us by all means cultivate and extend friendly relations wherever possible; any degree of international coöperation, mutually advantageous to both parties, let us by all means sanction. Arbitration treaties, business courts, uniform laws on certain subjects, uniform coinage, weights and measures — such we may readily achieve; but let us once and for all put at rest their fears of American aggression. If we cherish no schemes of conquest, no sacrifice will be involved; we shall merely proclaim officially the truth when we declare by statute or otherwise that the Monroe Doctrine in all its meanings is obsolete and nonexistent; that Pan-Americanism in the ordinary sense of the word is untrue and fallacious; that the United States purposes to have with South American nations those same relations of amity and friendship which it has with European nations, and no other.

CHAPTER XVIII

CENTRAL AMERICA AND PANAMA

In Central America and the Gulf of Mexico the strong arm of the United States, maintaining strict order by means of an efficient resident army and an adequate and powerful navy in West Indian waters! The Panama Canal we must fortify as elaborately as military science may dictate. Its water approaches we must guard by means as effective as the best naval experts can devise. In all, the coöperation and approval of Great Britain is certain. Her Atlantic fleet will maintain our access by sea and her strategic naval positions will be at our disposal. Military access to the Canal over land through Central America and Mexico we must have. The foreign relations of the smaller republics must be supervised and the control of their finances, which we already possess, must be continued. Yet there must be no oppression, no exploitation in the vulgar sense of the word, no unnecessary interference with internal administration or with local policy. As liberal a share of influence in their own affairs as they are able to

exercise in an orderly and efficient manner they must always possess, and must understand that it will increase automatically as the intelligence and capacity of the people themselves grow, through education and contact with the outside world, and that the eventual outcome should be the admission of these States to the Union upon equal terms with the thirteen original entities.

A closer commercial relationship does and ought to exist between Central America, the islands in the Gulf of Mexico, and the United States than can ever normally exist between those countries and Europe. Their commercial development ought to be in American hands whenever skill and capital are required which they are not themselves able to supply. The commerce of the Gulf must be carried in American bottoms, manned by American sailors and officers. Indeed, our interests there are greater than those of European nations, and the interests of the inhabitants are further advanced by closer contact with the United States than they can be by relations with European nations. The extension of European political, military, or economic influence neither we nor they can countenance. The Monroe Doctrine must be restricted to Central America, Panama, and the West Indies. But it must not nourish in ignorant minds the belief that we perform in our

own interest services, duties, and obligations which we shall execute in theirs.

The justification of such a policy upon broad grounds of humanity, liberty, and expediency is less difficult than idealists will suppose. The situation as it exists at the present moment is purely the result of contact between a numerous, aggressive, highly organized people and relatively smaller, uneducated, and semi-developed communities. Geographical proximity establishes a clash of fundamental interests which neither idealism nor forbearance can prevent. The Central American and West Indian people are in the main Indians, although in some the negro strain predominates, while in others a mixture of white blood is very large. Indians, however, they are still, even though many of them have acquired the veneer of civilization. The result of contact between the white man and the Indian we have seen only too clearly in the history of the United States. The Indian, as an Indian, does not amalgamate. The individual must cease to be an Indian, must adopt our habits and methods and become a white man, or he ceases to exist. Three centuries have proved the Indian not the equal of the white man in skill or ability, in restraint or discipline. Legislation and diplomacy will alike be futile which are based upon the assumption of an equality which does not exist.

Intelligent supervision and encouragement can produce within the immediate future, as they already have in Oklahoma, results highly advantageous to individual Indians as well as to white men. The stronger and better organized community will gradually absorb these Indian States, and the most we can hope to do is to soften the transition for the individuals alive at any one time and to develop into equality as large a proportion of the population as possible. Unless the expansion of the United States to its present boundaries was a crime of horrible and unbelievable magnitude, such a policy in Central America is justifiable and humane. It is literally that policy by which the present United States has been created.

Nor is it inexpedient for the present Mexicans and Central Americans. Unfortunately the alternative for them does not lie between substantial political and economic independence and complete domination by the United States. For them sovereignty in the most literal sense is impossible. If the United States does not keep order with a strong hand and regulate and dominate their political and financial structure, the great European nations will demand the right. So beneficial to all developed countries is the exercise of force to protect the continuous and uninterrupted operation of economic factors

in undeveloped countries, that the great commercial nations have no intention of permitting any considerable area to remain unpoliced. For the people of the country such a forcible observance of the proprieties is also undoubtedly beneficial, although the results are ordinarily more apparent in the second generation than in the first. If any country must police Central America and the West Indies, the United States is so situated as to do it at a minimum cost and with maximum effect. No European nation can undertake such a task without maintaining military and administrative connections at a great distance and at a disproportionate expense and trouble. Moreover, the international advantage is unquestioned of placing the police power on both sides of such a boundary in the same hands. One great difficulty has been the tendency of American criminals to take refuge in Mexico and Central America and of their criminals to infest the Texas border. Such social preferences and new economic wants as may be created can be more easily satisfied by the United States than by European countries, and will gradually tend, by the development of social and economic uniformity, to erase the very line which at present denotes the existence of the problem.

The only possible permanent solution of this difference in comparative development lies in the

hope that penetration by the United States may gradually amalgamate those communities without their suffering any greater loss of sovereignty, individuality, and liberty than the older States of this country have suffered by joining the Union. Yet they will amalgamate by ceasing to be longer Indian communities. Gradually white men will migrate thither in greater and greater numbers; little by little their superior intelligence and energy will accumulate in their hands a larger and larger control of the economic and political fabric. As we have absorbed section by section the Red Man's heritage in the United States, so will we bit by bit take from him Mexico and Central America. The handwriting is on the wall and the Central Americans have read it. But nothing, not even the white man's forbearance, can enable men still in middle barbarism, thousands of years of ethnical development behind the Greeks of Homer, to withstand the proximity of modern civilization.

There seems to be a consensus of opinion in the United States that the restoration of order in Mexico by means of such economic pressure as was tried against Huerta, of such displays of force as the expedition to Vera Cruz, of such guidance and direction as were attempted by the special envoys sent to Carranza and Villa, has been proved futile and inexpedient. Neither

peace nor democratic government as we understand it has as yet been established in Mexico, and the probability that anything resembling either can become a reality within a brief period is not great. It is high time that the United States made preparations to police Mexico by a United States army of such undoubted size and efficiency that its mere presence will be sufficient to accomplish the necessary ends. No demonstration in force or temporary invasion is expedient. We do not wish to fight the Mexicans; we wish to prevent the Mexicans from fighting each other, and apparently we shall not be able to achieve our purpose until we are so irresistibly strong that resistance will become for them mere slaughter. If this be the situation, let us face it and prepare accordingly. Certainly Great Britain, France, and Germany will not much longer tolerate our attempts to produce order in other ways. At the end of the European war vast military establishments will be on foot, and it will be a simple matter to utilize them before they are disbanded for the performance of such tasks as this.

Coercion by the United States, moreover, will accord with the known facts regarding conditions in these countries. Democratic government as we understand it, government in which the numerical majority actually participate with

some faint degree of intelligence, is literally impossible, because the numerical majority consists of Indians, negroes, and halfbreeds too ignorant even to understand what participation means. The population of Mexico is in the neighborhood of fourteen millions; the legal electorate was, some years ago, about eighty thousand, and was intended to comprise every individual intelligent enough to be able to vote. Under such circumstances democratic rule by the numerical majority becomes an impossibility. However desirable, it cannot be achieved for some generations. The United States wisely suppressed the recent revolution in Hayti, and had previously interfered in the affairs of San Domingo, of Cuba, and of Porto Rico. The literal truth is that these people do not wish to carry on that type of government which we call democratic, or to maintain that sort of order which we consider indispensable, or to educate themselves or their children in our methods of economic and social life. If left to themselves they will be a century hence approximately what they are now. Individuals here and there will separate themselves from the mass, migrate to the United States or to Europe, and display perhaps distinguished ability. They will not do it upon that soil or in that environment. It is the latter we must change. Settled long before the United

States, these countries have developed so slowly as scarcely to have progressed at all and present a contrast to the enlightened and progressive communities in South America which is indeed striking. That sort of tutelage they do require, which the South Americans reject with scorn.

From the economics of nationalization we may derive still further support for such a policy. Between the United States and this district we are considering there is natural economic affinity. Proximity and propinquity are realities and not assumptions. Trade naturally flows to the United States, where lies the natural market in which to sell and in which to buy. For them to seek a market in Europe when one entirely adequate exists at their very door would be folly. Moreover, the United States is already able to perform all the services which they require. We possess sufficient capital of our own for their needs, the necessary skilled labor and machinery, the sort of manufactured articles which they are accustomed to buy. The economic tie is already a reality, for the fundamental economic conditions for direct trade already exist. About seventy per cent of their trade is already in our hands. American citizens are the largest investors of capital and hold the most important concessions and privileges. The experience of the past has shown that the extension of

political, diplomatic, and economic influence; of a uniformity of law, of coinage, of weights and measures over areas thus closely related is of mutual benefit to the citizens of all the countries affected. It will be almost equally advantageous to the citizens of European countries. As fast as we develop the economic resources of this area we shall increase the normal markets there for the commodities of all other countries and the supply of raw products which other countries desire to buy. So far as we regulate and render uniform the conditions of the district, we make it accessible to the merchants of all developed countries. The process, indeed, is precisely the same as that which proved so advantageous in the annexation of Texas, in the development of California and of Oregon, and in the case of the Louisiana Purchase. The extension of the economic area has proved in the vast majority of such cases justifiable and expedient.

Nor will we in any sense adopt an aggressive policy if we espouse what has just been sketched.[1]

[1] In Chapter III I termed the defense of the Canal an aggressive policy and apparently now contradict myself. The reader must remember that Chapter III assumes that the United States stands alone against the world and declines alliance. This statement assumes an alliance with Great Britain, an understanding with all European States upon our policy, and the abandoning of the Monroe Doctrine as far as South America is concerned. Such constructive changes in other policies to my thinking entirely alter the Central American problem and make such limited action as I suggest purely defensive.

It is in the strictest sense defensive, because it purposes to preserve existing American interests and present American property rights by the continuance of that policy upon which the whole development of the United States rests and by which all of the greater European countries have justified their national expansion. We shall redeem the tacit promises made by the United States to American citizens in the last decades on the strength of which these investments were made and these concessions were obtained. Whether or not definite instruments in writing were signed, it was understood that the United States guaranteed its citizens that same uninterrupted possession of their opportunities, that same immunity of life and property, and that same protection from the unjust political oppression by the native governments which European citizens were then accustomed to receive in all semideveloped and undeveloped States. In many quarters, both here and abroad, there is a feeling that the national honor must be thus rehabilitated. In addition we have made explicit promises to Great Britain, to France, and to Germany, whose citizens and their property have been in and are still in danger, of protection and consideration when the time for a readjustment of Mexican finances shall appear. These we have entirely failed to fulfill by the

exercise of economic pressure or advice. There is left for us only an appeal to armed force and a determined supervision of the affairs of these countries in the interests of order and civilization.

The definite maintenance of the ægis of the United States over Central America and the Gulf of Mexico will also preserve for us into the remote future that type of economic opportunity for which the great nations of the world are at present vehemently contending. While we do not at present require a greater number of abnormal opportunities for the investment of capital than the American business at home and the present very limited penetration of Central America and the Gulf of Mexico afford, in time to come we shall require that sort of opportunity for the rapid development of the virgin resources of fertile countries which Central America and the Gulf will then make possible. We can at present successfully reserve this area in the interest of our future prosperity, with benefit both to ourselves and to the inhabitants of those lands, and without injustice to the existing or future interests of European nations. Thus shall we perform those duties which the present demands; thus shall we answer the challenge of the future.

CHAPTER XIX

SCOPE OF PREPAREDNESS

Our economic disabilities and our present lack of administrative and industrial correlation dictate the abandonment of the Atlantic to Great Britain, of the Pacific to Japan, and the partial renunciation of the Monroe Doctrine. That force which we cannot at present exert we must supply by an alliance with the sea power in the hands of Great Britain which will insure us present protection against the aggressive schemes of all other European States and the force necessary to advance and protect the lives and property of American citizens outside the United States. What the sea power and her allies will not concede, we cannot at present extort from them; what they are unable to obtain for us from others, cannot be had. There remains for us to perform ourselves the task of policing Mexico, Central America, and the Gulf and the defense of the Panama Canal from such aggression as Great Britain is unable, because of the exigencies of the situation, to defeat in Europe. We must always be able to hold the Canal and

its approaches both in the Atlantic and in the Pacific until Great Britain can effectively assist us. But precisely those great crises in Europe which threaten Great Britain's independence will contain the greatest possibilities of peril for the United States. If the European situation is so clearly in Great Britain's control that she may dispatch a fleet at will, other European powers are unlikely to assail us. It is only when Great Britain is unable to spare her fleet that we shall imperatively need ours.

Yet the ultimate meaning of preparedness lies in a readiness to meet the incredible and the improbable. If we limit our plans to dangers at present visible and tangible, we shall accomplish nothing of moment. Only to that extent to which we lay at present the foundations for a greater effort than is now expedient shall we envisage the true requirements of the situation. Not in what we see lies the real danger, but in our unreadiness to make an effort which transcends the limitations of present knowledge. We must slowly begin to lay the foundations for armament necessary to meet the incredible, for while we may not need now to complete such measures, unless we firmly embed the foundation stones of economic independence to-day, we shall never be capable of the effort when the exigencies of the future render it imperative. We

must prepare now to meet the unexpected, because when danger becomes visible, adequate preparedness is impossible. Unless we comprehend within our present plans the loss of the supremacy of the seas by Great Britain, a sweeping German victory in Europe, the total destruction of the balance of power, the aggression of Russia, an entire reversal of the present peaceful policy of Japan, we shall undertake no preparedness adequate for the protection of that greatest of American interests, the right to choose. At all costs, we must not disregard the challenge of the future.

What precise measures will accomplish our immediate purposes? How much more must we do to permit in the future an extension of armament adequate for needs now deemed improbable? The issue of adequacy is not one for laymen, nor for members of Congress, nor yet for secretaries of war whose experience was obtained in the study of law, nor for secretaries of the navy without any previous acquaintance with naval affairs. It is an issue to be decided by experts and upon which their opinion only is of any value. Once the object to be attained is definitely established, the forces adequate to achieve it can be determined with precision by those skilled in tactics and strategy. The elaborate studies of military and naval experts need

not be summarized here. There seems to be a general agreement that an army of between a quarter of a million and half a million regular troops is the least which will accomplish anything, and that a fleet about double the size of our present navy will be needed for the protection of the Canal.

Yet there seems as yet to be too little realization of the difference between a good army or navy and armament adequate for the defense of American interests, present and future. We need not good ships, but enough ships; not merely coast defenses strong enough to defeat all fleets except one or two, but defenses adequate against probable aggressors. Nor can we set some definite future date for the completion of our plans, limit ourselves to so many troops or to so many ships, or to the expenditure of so much money annually or in the aggregate. The adversary will not appear by invitation nor ascertain in advance whether his arrival will be convenient. How much effort is imperative to defend Panama no one can tell until our attitude toward Great Britain has become definite. The defense of the Canal against the British fleet, against the German army, or the Turkish navy will obviously require very different types and amounts of preparedness. To protect the Atlantic coast against invasion will require meas-

ures adequate to defeat the aggressor, and their extent no one can calculate except in relation to the existing and future strength of probable aggressors. To base calculations for the defense of the Monroe Doctrine upon the requirements for defeating any nation except Great Britain will naturally omit from our calculations the effort needed to resist the only power we are at all likely to meet. Great Britain controls South America, and it is her clutch which the Germans are so anxious to loose. So long as she controls the sea, no one can attack South America. If we ally with her, our preparations to save Latin America will be so peculiar as to rouse in her mind prompt suspicions of our good faith.

The conditions of the struggle for which we must prepare are not within our control. Preparedness can be estimated only in relation to the existing and future armament of other nations. We cannot deal with a problem of two dimensions in the terms of one. The scope of preparedness is comparative and relative, variable and not fixed, progressive and not static, shifting as international values and policies alter, as the armament of possible aggressors waxes or wanes. Exigencies over which we have no control may destroy the British navy or the German army, or may double the size and efficiency of both. Preparedness for the future,

therefore, that most essential preparedness which we can undertake, that readiness to meet the effort whose extent cannot now be calculated, must envisage the possibility of a far more extensive effort than even independence of Europe would at present involve.

Plans at present more than adequate upon paper may be utterly insufficient by the time they have been executed. Even supposing that the European nations and Japan undertake no extension of their armament and merely execute present plans or maintain existing forces, their skill and efficiency in construction, their resourcefulness and power of invention are so much greater than ours that by the time our ships are completed and our artillery manufactured both may be practically obsolete. Four years is the average time we have usually required for the construction of a battleship. The same work has been performed in Great Britain, Germany, and Japan in a single year, and is normally completed in two years. Naval architecture and improvements in artillery have commonly made such strides between the laying of the keel of the American battleship and the commissioning of the vessel that European ships already in commission were constructed so much later as to outrange and outsail the new American vessel. The notion that when we launch a battleship it

is the most powerful in the world because the most recent is a delusion of the first magnitude. Our ships still under construction are planned for fourteen inch guns, though several European battleships armed with fifteen inch guns have been in commission for months. Nor is it possible to place heavier guns in a ship intended to carry guns of smaller caliber. The necessary shock from the recoil of the larger guns can be absorbed only by structural changes in the whole architecture of the ship. Coast defense weapons, too, which when planned were more than adequate in relation to the armament then common upon European vessels, are now entirely inadequate, because the equipment of European navies has since been completely transformed.

Any preparedness which the United States at present undertakes can be easily obviated by any major power through the simple expedient, already often employed, of increasing its own armament as fast or faster than ours. The ability of the European nations to prepare and the probable future growth of their armies and navies will be an essential element in American preparedness. The forces needed to protect the Panama Canal and the Gulf, while Great Britain is extending efficient assistance, will vary entirely in accordance with the size and efficiency of the forces directed against them, and cannot

by any conceivable method be computed at present for the year 1925. We have no means of knowing what type or number of ships European nations will build in the next ten years. Our arrangements must be capable therefore of rapid expansion and prompt alteration in accordance with future changes in European policies and conditions. This is indeed the very essence of preparedness, its true scope, its real purpose.

This comparative and relative aspect makes important the present status of our army and navy. If we assume the most favorable construction of the facts and accept as our premises all that the most ardent defenders of both allege, we shall still admit that we have in the European sense neither an army nor a navy. At present we are not only disarmed but disorganized. We lack even an efficient army and navy in miniature. Some first class battleships, a few good officers, a few trained troops we do possess; but what we unquestionably lack is that complex and highly organized machinery which alone can make these ships and troops effective. That widely ramifying and complex structure, intended in European navies to protect and supplement the battleship squadrons, seems to be nonexistent; that all-important section of the modern army, the artillery, upon whose adequacy the efficiency of the army itself

depends, seems to be made up of obsolete machinery and is practically without ammunition. Both army and navy lack the correlation with our industrial fabric needed to maintain them in the field. Indeed, the one is a fair coast patrol and the other a rather inadequate police force. Both are singularly weak in personnel, and well-trained and experienced officers and engineers, upon whose shoulders the direction of preparedness must fall, are all too few.

The scope of present measures is indicated by the extent of present deficiencies. Even after we have limited the Monroe Doctrine, have decided to concede whatever Japan may demand in the Pacific, and practically excluded the element of danger from Europe by an alliance with the sea power, the effort is still very great, because of the deficiencies of our present organizations. There is so much to do of the most fundamental nature in so many varied directions that years must elapse before an army and navy of real value can appear in the arena. Yet more than can be performed by our present administrative and industrial fabric we shall be unwise to attempt. Military and naval machinery is of the most delicate and complex description imaginable and requires the most skillful and dexterous treatment by expert brains and hands. The number of men at present capable in the

United States of such designing and of such execution are few and we must limit ourselves to such ships or munitions as they can make well. The European war contracts will gradually add to the number of skilled workers. Indeed, preparedness must begin at the bottom, with factories, foundries, docks, technical schools, laboratories — with the essential elements of production. We must also begin training the future personnel; officers, engineers, gunners, navigators are not to be developed by less than several years of strenuous and well-directed study. This the British and Russians have learned to their cost. And the personal element is far more essential than the material, because an officer at present occupying a subordinate position may by the fortunes of war be transformed on the battlefield into a brigade commander. Unless his education has comprehended the essentials of tactics and strategy and has made him a potential general, the entire army may be imperiled by his ignorance. It is this type of preparedness, too, which the future imperatively demands, without which its challenge must go unanswered.

Above all, the correlation of the army and the navy with each other, and of the united service with our administrative and industrial fabrics, is a prerequisite of the first magnitude. It can-

not be extemporized or improvised after the storm breaks. The complicated movements of modern warfare can only be executed with success by a widely ramifying organization, working with precision and dispatch. Such correlation and coöperation mean elaborate foresight regarding all sorts of improbable contingencies. At present in the United States all these prerequisites of modern warfare are lacking. The organizations of the army and navy, such as they are, are separate administrative services, are hostile to each other, and fond of placing obstacles in each other's way. They must coöperate as one service. Modern warfare makes imperative the harmonious working of the entire machinery of the State and has shown that administrative discord will have only too fatal results upon the battlefield.

Particularly serious is the existing jealousy in both army and navy between the civilian administrators and the professional experts. The former have commonly overridden the advice of the latter and Congress has repeatedly acted in contravention to the suggestions of both. Indeed, by the time the recommendations of the Army and Navy Boards have reached the stage of execution, their plans are frequently altered beyond recognition. Preparedness, whatever its extent, makes essential the drafting and

execution of all measures by military and naval experts, whose decisions must be accepted without question by the civil and legislative authorities. If the plans are to be tampered with by secretaries whose knowledge is rudimentary and by congressmen whose purpose is political, and executed in accordance with the ignorant whims of administrative officials in the departments, we shall achieve something fearfully and wonderfully made, and in all probability useless. Modern armament is as definitely technical as the higher mathematics on which it rests, and can be constructed only by experts. Unless we are willing to place the experts in control, nothing of value can be done. They alone can determine its necessary scope.

Obviously preparedness spells time. What chance is there that we can wait until it can become a reality, that the issue will not be forced upon us before we are ready for it? It is entirely probable that we shall have the necessary time, provided we lose none in delays and unprofitable fumbling. Our alliance with the sea power, our limitation of the Monroe Doctrine, our willingness to meet Japan's demands, eliminate the probability of assault from those powers who are at present strong enough either to invade the United States with success or to seize those possessions we have determined to retain. Aggres-

sion against the Panama Canal and Gulf of Mexico is for the present improbable. Both have lain at the mercy of Great Britain for many years and her lack of intention to seize them and her willingness to leave them in our hands is notorious.

Whatever the result of the European war on land, it seems at present almost certain that the British and German navies will emerge intact. The Germans cannot afford to risk their navy in battle. If they win upon the land and have been defeated at sea, they will have already lost the very opportunities which the war was fought to obtain. When they become dominant upon the continent, they must possess at least sufficient naval strength to imperil the existence of the British fleet; otherwise the situation of the Napoleonic régime will be reproduced and the ability of the sea power to damage German commerce will rob the victory of its value. Of course if the Germans are defeated on land, the United States will have nothing to fear, unless the victory is so overwhelming as to destroy the German navy and change the whole policy of Great Britain. This is unlikely.

Whoever wins it seems probable now that the present war must continue for at least a year and perhaps more, and be followed by a brief period of readjustment. Although it may become ex-

pedient for a victorious Great Britain to grant Germany in the settlement a free hand in South America, she will certainly not countenance, as British statesmen have more than once affirmed with vigor, any position threatening the United States or the Canal. The Germans, if victorious on land, may attempt to increase their navy once more and contest with Great Britain the supremacy of the sea. In either case years must elapse: say two or three years to end the war, four or five to increase the German fleet, at least two to defeat the British. This seems to be the calculation of the Navy Board. For several years, whatever happens in Europe, nothing is likely to be attempted against the United States which the exigencies of the European situation will not defeat, and this length of time we have for preparation. All this depends upon the assumption that we will form a close alliance with Great Britain, cede the Pacific to Japan, and relieve the apprehensions of South America. Unless we do all three, there will be no time for adequate preparedness.

We must not forget that the defeat of the British navy will probably not destroy it nor render the Germans supreme. The French have a large navy, and the Austrians and Italians somewhat less powerful squadrons. The United States navy is also a potential force. Coalitions would be

formed to control the sea and would be too busy with one another to permit aggression against the United States until the issue was concluded, unless, of course, the seizure of the Panama Canal became a part of their plans for domination. In that case we should depend upon alliances with the coalition's rivals to defeat it.

There is also a possibility of interference from South America, to protect Central America from the United States. The most radical politicians in that continent have already started a campaign for that purpose. At the same time the military effort necessary would be so vast, the expense would be so very great, because of the distance which such troops must traverse, that its possibility is slight. The jealousies of the South American States of each other are also too keen for them to countenance the development of such armies. Even if the United States were worsted, the subsequent aggressive use of such forces in South America would be only too possible, and the small States are already extremely suspicious of the larger's ambitions. We may for practical purposes eliminate danger from South America.

As intimated already, the scope of preparedness should contain provision for the defeat of the Allies in the present war. Definite grounds of policy seem to show a decided advantage for

the United States in maintaining Great Britain's present supremacy on the sea. If we depend upon her for such essential services as our contact with the rest of the world and the protection of American lives and property abroad, we must give her in her own moments of peril some gage of our interest in her welfare, or when the skies have cleared and her problems are solved she will be mindful of our passivity in her time of danger. Our relations with her cannot be too cordial if they are to establish the type of alliance we require. Expediency dictates something more than the passive attitude which the Government has hitherto assumed. Neutrality the world is beginning to see is a rather transparent fiction when circumstances make impossible the equal treatment of the belligerents. Our assistance to Great Britain and France has already been of vital consequence and may prove in the end to have been a decisive element in their victory.

At the same time the progress of the German armies on land, the difficulty in England of so organizing industry as to make adequate the supply of ammunition, should show the United States that this is the moment of Great Britain's gravest need and the time when those whose welfare is in large measure bound up with hers should extend themselves to the utmost. If the

sea power is to remain in her hands it is high time that we bestirred ourselves; if it is to pass from her it is high time we did something to prepare ourselves for that emergency. In particular must we be mindful of the probability of a German victory on land and a continuance at sea of the present rivalry. Without the active assistance of some land power Great Britain must accept the terms dictated by the conqueror of her Allies. If the United States should openly ally with her and make those definite and clear preparations in the next year or two to supplement Great Britain's own industrial, military, and naval preparations as intelligent foresight can easily indicate, an outcome most advantageous to us and to civilization in general may result. Our assistance may turn the scale, if prompt and unstinted, if directed where the British experts indicate it will be most effective. The prestige and importance of the United States in the next generation would then be something with which to conjure. Unless we act at once, the opportunity is lost.

The cost of preparedness is not possible of estimation in mere dollars, nor yet in material or lives. We are undertaking to achieve a particular end, and we cannot in advance know the cost until we know how much effort the aggressor will compel us to exert. If European figures are

any criterion of what armament costs, we can complete all necessary arrangements, so far as Central America and the Gulf are concerned, with approximately our present budget. The true difficulty is that of obtaining value for the materials and time devoted to the task. This depends upon the human equation, and more nearly than any other one thing will delimit the scope of such preparedness as we actually achieve.

Unquestionably everything will cost more in this country than in Europe, estimated in money, because the price level is higher and because we are so inexpert in this particular operation, so genuinely less efficient in all industrial processes, and so careless in administration. Vast sums of money, months in time, and large amounts of material will be spent in learning how to do things well. We have been accustomed in the main to doing things just well enough barely to suffice present needs. Scarcely anything in this country reaches European standards of permanence and excellence. No student will cavil at the decision reached in the past to do quickly the best we could; it was more essential that something should be done at that time than that a great deal less should have been done well. Now, however, we are attempting to compete with Europe in the most

literal sense, and the quality of our performance will be all essential. So far as Mexico is concerned there will be no great difficulty in making efficient our army; so long as Great Britain retains control of the sea the quality of our navy will not be of real moment. It is the future into which we must look, whose challenge we must answer. A preparedness based upon Mexico as an aggressor and such casual work as falls to an auxiliary fleet will ill indicate the necessary cost or type of preparedness to insure for us in the future the safety of American ideals and interests. Our standard must not be less rigid than that of the Europeans, because in last analysis, unless we are prepared for an assault at some future time from Europe, it is foolish to prepare at all. Here the cost of preparedness will make it essential for the United States to expend in every direction more effort, time, material, money than the European nations spend, in order to pay for that education in preparedness which the Europeans have been achieving for about half a century. Thus the cost of preparedness will in some important respects indicate its scope.

CHAPTER XX

DANGERS OF PREPAREDNESS

The probability that preparedness will result in militarism seems not as great as many fear. Militarism is not an army. It is a state of mind, which organizes all functions of State in accordance with a centralized, well-knit system as despotic as that of an army and in which the executive authority possesses unlimited discretion and the right to compel obedience by force. The United States Constitution, the division of authority between the Federal Government and the States, the doctrine of the unconstitutionality of law, so hamper the Federal executive and legislature that such an administrative system is out of the question. Nothing short of the complete revolution of the constitutional basis of both State and nation could permit its establishment. Needless to say, no such probability exists.

So far as the armament makers are concerned, there seems to be no inherent danger from them. A scandal has been several times spread that they were responsible for all increases of armament in Europe and for this war. The deduction is

plain: preparedness in this country will lead the armament makers to create war in order to increase the market for their wares. The complexity of European politics, the well-known traditional, racial, and political explanations of the present war, ought by this time to have completely demonstrated the armament makers' inability to have caused such a cataclysm. The mere existence of a tool does not necessarily beget its abuse. If we wish to fight we shall, whether we are armed or not. The history of the United States is a record of wars and diplomatic tangles into which we have plunged without regard to existing armament or the possibility of success. Preparedness will increase the probability of our achieving something. If we do, on the other hand, possess that discretion, peaceable disposition, and love of equity which the idealists claim, the mere existence of an army will not deprive us of our senses. We shall merely have a tool to use when others unjustly attack us. After all is said, we come back to the nation itself. Wars result not from armies but from belligerent intentions latent in great bodies of men. If we possess no such desires, preparedness will not of itself create them; if they are latent in the American people and merely await an opportunity for expression, preparedness is precisely what we need.

We have rather to fear that a certain section of the people will not wait for armament to materialize, but will assume that the voting of the money for preparedness has already enabled us to insist upon Europe's acceptance of the positions taken in our recent diplomatic notes. We must not expect to apply the new notion of offense and defense to the actions of Europeans toward us while we regulate our relations to them by the older definitions of conquest and aggression. If we insist that their defensive policies when they clash with American interests become aggressive, we must not expect them to admit that our defensive policies remain defensive when they clash with theirs. We cannot take from them what they now have without causing imputations of aggression, nor can we retain our extracontinental possessions and expect others to admit that our actions are on a par with the defense of our firesides.

There is also danger that the formation of policies will not become an integral part of preparedness; that the American people will not continue to think in international terms. We may quite probably create an army and navy before we have attained a definite national agreement upon the ends we expect to achieve. After the first decision is reached, the public mind is all too apt, as in campaigns for political re-

form, to assume a policy already formulated. The chief purpose of preparedness, on the contrary, is to preserve to the people of the United States a right to act in future contingencies which are not now known; to evaluate American interests in accordance with conditions of American life yet to appear. Unless the people themselves will continue to watch events, will constantly study possible complications and exigencies, preparedness will be futile to achieve anything more than immediate needs. Even though the effort required for the latter may seem considerable, we shall hardly need to dignify it by the term preparedness, or worry about a police force in Mexico or a naval patrol in the Gulf imposing militarism on the United States.

A more real danger is that we shall limit preparedness to immediate aims and omit from consideration those intangible future needs which form the only true justification for larger armament. Indeed, we shall foreclose ourselves in future all liberty of action, or the use of real discretion, if we fail to lay the foundations of preparedness upon a broad and enduring basis. While we need not necessarily erect at once the superstructure of ships, artillery, and men, the administrative and industrial fabric capable at need of producing the material equipment, must be planned and in the main executed now, for

when the exigencies arise the extemporization of preparedness is impossible.

If there is danger that we shall not attempt enough, there is also danger that we shall at present attempt too much. We cannot with our existing administrative and industrial fabric efficiently create more than a comparatively limited armament. Men in any desired number we may enlist and drill, but the total we can place in the field cannot be greater than the number we can supply with artillery and unlimited ammunition. We are more likely to forget or discredit the extent of our economic disabilities than we are to develop bellicose intentions in order to use our new army. It is also possible that we shall attempt something which armed force is not capable of accomplishing, like an extension of our direct trade with South America or China, or the creation of an adequate merchant marine. Again, we may undertake something unnecessary, like the protection of South America from European invasion. Since enough armament to defeat the Europeans is enough to conquer South America, they will not wait for us to complete any such preparedness, and the Europeans whose vast investments we thus threaten will promptly foreclose any such possibilities by aggressive action against the United States. We are advertising our weak-

nesses and plans so liberally that the whole world is in our confidence, will know the exact progress of preparedness as well as we, and will therefore time resistance to it with great nicety.

Other objections are less terrifying. That a country fundamentally as wealthy in resources and labor will be in the long run impoverished by financial burdens which European nations, less favorably placed, have carried without manifest distress, seems improbable. Any such preparedness, present or future, which is truly expedient, which is needed to advance fundamental interests, and which is not devoted to some such chimerical object as immediate independence of Europe, the subjugation of South America, or the creation of a merchant marine, we can easily afford. Business methods in Federal administration, efficiency in the Post Office, the reduction of the pension fund, the abolition of the "pork barrel" will pay for elaborate preparedness twice over. If artillery and uniforms, battleships and ammunition are uneconomic because they do not furnish American business with further capital, they are not more uneconomic than tobacco, beer, pleasure vehicles of all sorts, ladies' hats, and a thousand varieties of unnecessary commodities which the community annually produces to the value of hundreds of millions to satisfy its vanity and to amuse itself.

If the mental pleasure of the one justifies its existence, the mental satisfaction of being prepared for emergencies will justify the other. The mere fact that there is a domestic market in which luxuries can be exchanged for necessities, while battleships possess no exchange value between individuals, must not blind us to the essential identity of their status from the point of view of national economics.

The probable loss of life in the advancement of American interests in the future will be negligible unless the United States persistently declines to ally with one or the other European coalition and seeks to maintain a fancied isolation. Accurate and consistent international thinking, the advancement of our interests by conference and alliance, a willingness to accept the inevitable limitations created by our economic inferiority, a readiness to recognize the justifiability of European ambitions and to be satisfied with any reasonable compromise between them and American interests, will make war unnecessary and dispel the majority of clouds now gathering around us. Sane thinking, expedient policies, and an equitable regard for the equality of other nations will render our future far more secure than any outpouring of blood and treasure. But each failure of the nation to estimate correctly our real interna-

tional status, each inexpedient policy will be paid for, with usury, in money and lives.

The worst calamity which can at present befall us will be a failure to consummate the indispensable foreign alliance. If at the moment Great Britain is our natural ally, the situation may so change in twenty years as to render the continuance of the connection inexpedient for both nations. But ally we must with some European major power, and through it with one of the great coalitions. Yet the practical difficulties of consummating such an alliance are great. If we can ourselves overcome the objections all Europeans raise to the lack of a permanent tenure of office in our diplomatic service, we have still to fear lest political influence, popular apathy and ignorance, or the traditional prejudice against foreign entanglements may frustrate the negotiations. Still none of these obstacles are insuperable. The enthusiastic and unanimous support of the nation's leaders in all parties, care not to arouse unnecessary objections and prejudices, will probably be enough to sway American public opinion in favor of the connection.

German officials and historians have long predicted that the political influence of the German-Americans and of the Anti-British elements in our population will always be strong enough to

prevent the official support by the United States of the Triple Entente. It must be acknowledged that the devious methods and subterranean passages commonly used in American party politics, as well as the ease with which a minority of the country decides the personnel of the leaders and thus directs national politics,[1] lends plausibility to this boast from Berlin. The solidarity of the German-Americans, their press campaign, the interference with the munitions plants working for the Allies, are all declared in the German press to confirm this judgment. Moreover, they have tools ready to their hand. Large bodies of men, not yet assimilated, still conscious of alien nationality, and speaking foreign tongues, have been provided by party politics with the suffrage. As they have been readily manipulated by politicians for State and national purposes which they did not comprehend, they can no doubt be reached more easily on an issue of this consequence. Fighting Germans in South America will be easy compared to resisting German influence in American politics.

The European entanglements immediately dangerous to us are not those with the Europeans in Europe, but those with the Europeans whom we have welcomed to America and to

[1] I refer to the decisive influence of the "doubtful" States in national elections.

whom we have extended citizenship. Unless this influence of European politics and ambitions is firmly and consciously met by all true Americans, standing shoulder to shoulder, not because we wish to ally with Great Britain, but because we will not receive our policies from Berlin *via* German-American influence in party councils or at the polls, any truly national policy will be impossible of formulation. The right to choose will have been already lost. That these foreign sympathizers will commit technical treason by openly declining to accept the authority of the United States in the case of war is utterly improbable. They will not thus sacrifice their property. They have merely to utilize their legal rights at the polls in the interests of European nations to deal the land of their adoption a more fatal blow than invasion could inflict. Loyalty is easy to profess so long as nothing more than technical disloyalty is disavowed. Between breaking the letter of the law of treason and the infringement of its spirit is a gap as wide as the Atlantic Ocean.

The danger is also great, if the history of American democracy affords any light upon the probable action of American politicians, that preparedness will become merely a stalking horse for the political parties. It is a popular appeal and works upon those facile emotions of

the great public which campaign oratory can most easily stir. The Democrats see that, if the campaign of 1916 is fought by the Republicans upon the issue of preparedness and the Democrats now in power undertake in meantime nothing approaching adequate measures, the Republicans will win the election by an overwhelming majority. The Republicans must be foreclosed any such admirable opportunity; the Democrats must make preparedness their own by doing enough to spoil it as campaign material. Once the election is won, they may then drop it. Commonly American campaign promises have never been fulfilled and, indeed, the contradictory statements of most party platforms are impossible of execution. The mere fact that the people have for so many decades paid little attention to the failure to execute campaign promises is a very real danger of preparedness. Nothing short of the display in the country at large of a very definite, serious desire for preparedness and a persistent reiteration year after year that it be made effective will prevent it from sinking into one of those stalking horses which emerge regularly from the political barns in campaign years. Let us not say that this is impossible. It has happened before in matters of as grave moment.

Politicians may also utilize preparedness as a

new source of graft. The pension fund has already become a scandal of the first magnitude and the River and Harbor Bill is tending to outlive its usefulness, because appropriations cannot be sprinkled over as large an area as is politically advisable and at the same time develop natural resources sufficiently important to "cover" the appropriation of such sums of money. Preparedness will be a large and soft plum adapted to the congressman's every need. The erection of buildings, providing of raw materials, the appointing of supervisors, the employing of workmen, and the like will be rich soil in which that sort of political jobbery will sprout which has gone on in this country for so many years.[1] The danger is that preparedness will sink to the level of the River and Harbor Bill and achieve no good purpose whatever; that Congress will not undertake it in real earnest, but merely spend the money in nursing the constituencies.

Closely related to this very definite probability is the danger that every vested interest will

[1] One Congressman, whose voluble denunciations of preparedness have attracted attention in the press, has already introduced a bill to locate an armor plate factory in his constituency. We have already too many navy yards which only torpedo destroyers can enter because of insufficient water and too many coast defenses, placed where they will do the maximum political service, but where the configuration of the coast makes impossible an assault by an enemy fleet.

attempt to saddle the country with legislation in its favor under the guise of preparedness. Already the campaign is beginning in the interests of the high protective tariff, based upon the two specious pleas of the need for revenue, which is very real, and the need for the protection of American business against European competition when the war is over, which is largely imaginary. The latter, of course, rests upon all the familiar fallacies, so often exploded, and which, if ever true, are certainly false to-day, and proposes to accomplish those same illegitimate purposes with which previous tariffs should have made the public familiar. Ship subsidies and most attempts to stimulate a merchant marine belong in this category. Obviously they will mean fat profits for the men who build the ships and will also provide those who operate them in the interests of the Government, or the politicians who control the departments of the Government which operate them, in case the Government attempts ownership, with a ready excuse beforehand for a tremendous deficit. Of course this real deficit will justify as much corruption as can be concealed.

The necessity of industrial expansion and the correlation of our economic and administrative structures will demand factories and foundries, and, in all probability a good many industries

which do not at present exist in America on a sufficient scale. Subsidies will again become possible and political influence in the assignment of contracts and the choice of men to receive them will appear. Where so extremely plausible a reason has been provided for the expenditure of vast sums of money in order to accomplish in the distant future results not really comprehensible to the ordinary citizen, and which depend upon elaborate measures whose apparent lack of association with the purpose itself can be so readily explained, a situation has been created susceptible of infinite abuse. Such corruption will be almost impossible of detection.

A more subtle danger lies in the probability that we shall attempt to give preparedness the economic basis of a private business undertaken for profit and thus create a new occupation for American citizens which will be pursued for economic reasons. The present army and navy are paid (to their thinking underpaid) economic wages, that is to say, the equivalent, with the sustenance the Government provides and other allowances and perquisites, of a good wage or salary. This bonus has been probably necessary to get men to enlist and to induce the officers to undergo the necessary training.

In Europe men have not been and are not paid during their periods of service anything

more than a small allowance, intended to cover the expense of a moderate amount of smoking and drinking. So far as possible the Governments have themselves undertaken the purchase or manufacture of needed supplies at as near the cost of production as possible, and in some cases the German and French Governments have succeeded in reducing the cost in competition with private firms. Certain parts of the English service have been well paid. In Russia corruption in the purchase of supplies has been extensive, and in France has been not unknown; while all the foreign Governments have been forced at times to pay private firms a fair profit. Yet in no country has the total expense per soldier exceeded four hundred dollars a year.

The higher wages and salaries, the bonuses paid to contractors, the extravagant cost of all manufacture undertaken by the Government itself, have resulted in an average annual expenditure in this country for the small army we have of thirteen hundred dollars per unit — an expenditure three times as great as the most costly European service, even after all the non-military expenses in the army budget have been deducted. The prime difference is due to the payment of an industrial wage and to the failure to buy or manufacture at cost. On this basis we cannot hope to compete with European nations; so

great a handicap puts us out of the race before it starts. It is not only the matter of expense. It is the attitude of the community to the service as a sort of alternative occupation to those of civil life whose rewards, perquisites, and salaries are to be compared on an economic basis. Until the national service is dignified by a recognition of a national need, it will not attract the type of men we must have.

In the end we cannot fail to admit the possibility that an enormous expenditure of effort, time, and material will be too ill-considered, too much influenced by political and local considerations to attain adequately the end in view. The fear is that preparedness will not be thoroughgoing. Correlation of the army with our administrative and industrial fabrics is extraordinarily difficult, though upon its adequate and prompt establishment preparedness itself depends. An army is not merely soldiers, nor a navy ships. Both are organizations which are of no value unless complete and efficient. The probability is that the experts will have a hard time with the politicians, with big business, with ignorant but well-meaning civilians. The inertia and incompetence of the Government departments is almost incredible. The European post offices all turn over a surplus of many millions annually to the treasury. In the United States

alone the deficit is many millions, due to antiquated methods and inefficiency. The amount of useless red tape at Washington is beyond belief. The machinery of Congress is intended to kill legislation, not to promote it, and the lack of correlation of effort between the Senate and the House is extraordinary. These are the lions to be met and conquered. Hitherto all attempts to destroy them have been unavailing.

The prerogatives of the States and of the Senate also are formidable obstacles. Throughout American history the opposition of the State Governments to every increase of Federal authority has been persistent and their attempts to block the wheels have at times almost brought the administration to a standstill. Such an accession to Federal authority as preparedness will mean is more than likely to raise the old fear of the crushing of the States by the National Government which Jefferson and others entertained. The jealousy in Congress of all increases of executive power and the Senate's jealousy of the executive control of foreign policy are also old and extremely insistent. To reform the administrative offices in Washington and put experts in control, to dispel the fears of the States of Federal encroachment and secure their hearty coöperation, to disarm legislative jealousy of executive authority and prevent the well-meant efforts of

the Senate from frustrating all diplomatic ends, is a task of such complexity and difficulty that the student is appalled by the opportunities for disagreement and failure.

Nor can the necessary industrial preparation be completed without the assistance of the trade unions, of the great banks, and of the great corporations. The three have never had anything approaching harmonious relations. The Socialists, the I. W. W., and many trade unionists are also extremely hostile to anything approaching administrative efficiency, to any measures increasing the power of the Government, and in particular to the existence of an army and a navy. Most of them dream of a social revolution which shall forcibly readjust the present inequality of wealth and privilege. It will be possible only if the present authorities and property owners will disarm. The Socialists and the I. W. W. are therefore insistent members of all peace societies and preach the wickedness of war as one of their cardinal tenets. It is the power of the State, and, in particular, its armed forces, they fear. In the United States, while their own organizations are not as powerful as in many European States, the lack of governmental centralization and the weakness of the army have been favorable to them and they will resist strenuously any attempt at change. If the lead-

ers can continue to exert any such influence over the men as they have at times possessed, the correlation of the industrial fabric with the military and naval will be difficult in the extreme. The most skillful workers are in the majority of instances the best organized, and upon them we are most dependent. Something like a solution of social problems, a lessening of the hostility between labor and capital, will be an important and perhaps essential part of preparedness. These are real dangers, of that type which American institutions and American social conditions have proved exist. Beside them the bogies of the pacifists and the alarms of the jingo sink into insignificance.

CHAPTER XXI

THE CHALLENGE OF THE FUTURE

The American nation of the future challenges the American people now alive to transmit to it unimpaired its heritage of freedom and prosperity. It defies us at the peril of its grave displeasure to neglect its interests; to decide national issues with reference to our own present welfare in order to increase our present material wealth. It demands from us of the present its rights and privileges. By each coming generation shall we be called to an account for our stewardship, and the accuracy of our reckoning, its adequacy, its altruism will be challenged. A thousand thousand millions will hereafter pass judgment upon us. Inevitably we must appear at the bar of posterity and answer the challenge of the future.

Shall we reply that we wrapped the talent intrusted to us in a napkin and buried it in the ground, for fear of the thieves who wished to steal it; that we isolated ourselves from the world and sought in seclusion to preserve democracy unspoiled from the taint of war and ambition? Or shall we declare that we invested it

with wisdom and discretion, and point to the fruits of preparedness, to long years of close co-operation with European nations, to the achievement of economic independence and of international equality?

In a democratic nation the welfare of the majority must govern its decisions and dictate expedient conduct. In their interests must foreign policy be formulated. But the constituency for whom we are to act is not now alive. Neither we, nor our children, nor our children's children, nor yet all together constitute a majority of the American people. The majority of the citizens of the United States have yet to be born. For this greater constituency, unable to speak or act for itself, are we perforce trustees and stewards. Their property we hold in our possession; their liberty only we can assure; their safety only we can protect; in their interest as well as in ours must we act. The American people in the past wrested from nature a continent and erected the physical frame of a great national structure. For us they won political independence; for us they established democratic government and national unity. To us they bequeathed unsolved the problem of international status. The period of isolation is passed. The United States has ceased to be a child among nations, has attained manhood, and must now recognize its responsi-

bilities and obligations both to citizens now alive and to those yet to be born. For we die unto ourselves, but we live for posterity.

In the interests of the future, not in our own, the right to choose must be preserved inviolate. We exist not for to-day, nor for a morrow limited by mortal vision, but for a future whose length no man can know. We are the stewards of interests whose value we cannot estimate, for a posterity whose number we cannot count. Their right to act, their right to define humanity in terms of American ideals, their right to evaluate American interests in the terms of American life, we may neither barter nor sacrifice. It is their liberty, their freedom, their heritage, not ours. What are a few millions to-day compared to the inestimable value of the right of countless generations to act as expediency demands? Are American citizens now alive more precious than those yet to be born? We must not save a few lives now at the cost of no one can tell how many lives in the future. Suppose at Bunker Hill they had calculated the cost after the fashion of the modern pacifist and had decided not to fight? Suppose in the Continental Congress of 1776 considerations of the liberty of posterity had not outweighed prudential considerations and the apprehensions of the men there present? Suppose the vision of the future in Abraham

Lincoln's mind had been less distinct and his determination not to live for the moment alone less firm? Consciously they chose to live for us and not for themselves. Shall we not prove ourselves worthy of such progenitors and, even as they, live not unto ourselves but for posterity?

Truth to tell, our own problems require only the most modest preparedness. Numerous possibilities of peril indeed crowd upon us, yet the immediate danger of war lies in our own incredulity and ignorance, in the improbability that we can ourselves be made to see the folly of kicking against the pricks, of attempting to obviate our economic disabilities by making war upon Great Britain or Germany. Losses of unimportant territory and of the property of private individuals, a circumscribing of our ability to trade in undeveloped markets, an inability to prevent occasional loss of American lives in foreign countries or on the high seas, furnish national problems but not national danger. They are perplexing and annoying rather than imperative. They are our own immediate problems, which we ourselves may justly decide in accordance with our own interests. The most favorable solution possible could not be worth to us the millions independence of Europe would cost or the risk of lives in war. Our own lives will always be more valuable to us than our own property.

Indeed, it is not the dangers threatening us which are terrifying. They may be dispelled by an alliance with the sea power, by a discreet acceptance of our economic limitations and a consequent renunciation of ambitions which give others cause for suspicion and umbrage. Nor are the probable dangers we shall ourselves encounter within the next twenty years perilous. Apparently we have nothing worse to fear than a diminution of the present abnormal rate of progress, the worst calamity in whose train will be a type of suffering for a not too numerous body of individuals with which the commercial crises of 1873 and 1893 made us familiar. Easily, by the preservation of our present political influence in Central America and the Gulf of Mexico, we may provide a future opportunity for the investment of capital with the expectation of abnormal returns which will retard the rapidity of the transition and thus relieve of distress the great majority of those who would otherwise have suffered.

Not what we see, but the value of what we cannot afford to lose creates apprehension. Under no circumstances can we sacrifice the entire liberty of the American people to act in the future as expediency and discretion may direct. Nothing but elaborate preparedness can insure the right to choose in the near and in the dis-

tant future. Our immediate problems require no greater exertion from us because we are protected by powerful factors not our own. We have been defended by the ægis of the British fleet, which has cleared the ocean of those who might have injured us and has maintained the supremacy of a nation whose strategic position made inexpedient an extension of political dominion which an army was needed to establish or defend. The delicate balance of power between the European coalitions has increased the circumspection of the sea power and has prevented the dispatch from Europe of even very moderate military and naval expeditions, for fear that more might be lost in Europe during its absence than could be gained elsewhere. So, too, the rivalry in Asia and Africa of the nations who found themselves allies in Europe has intensified the subtlety of international relationships. While Russia, Austria, Italy, and Spain are so backward in development, while Germany continues to owe her capital indebtedness for her economic development, the economic inferiority of the United States to Great Britain and France will always be less of a disability than if we were the only debtor nation with an economic fabric inferior in skill and efficiency. So long as all European nations, except Germany, are nearly as dependent upon the British merchant marine as we are,

access to the world's markets will be firmly established by the mutuality of interest in its continuance. There are too many nations suffering from economic disabilities similar in character to ours to allow the better organized States to take full advantage of their superiority. Discretion fetters their actions and policies.

None of these factors is within our control or is ever likely to be. Nor can we ourselves exert any direct influence upon them: they are economic forces largely beyond human control; they are political friendships and antipathies which exist independent of us and our strategic position. Upon the European future depends ours; what European nations do will be more important for our posterity than what we attempt.

One thing they are determined upon: the overthrow and reorganization of the modern world. The balance of power which is our shield and buckler they are seeking to demolish; the British supremacy of the sea on which our polity is built, powerful nations intend to annihilate; the difference in the balance of power in Asia, Africa, and Europe, all are bent in altering in their own favor. Nor are the semideveloped nations less determined on erasing at the earliest moment that difference in development between them and the more highly organized States which

prevents the latter from utilizing their superiority to the fullest extent. Moreover, all are ready to use armed force to attain their ends. For the future nothing is certain, even if only existing forces and personalities operate. Should a second Cæsar or Napoleon, another Henry VIII or Bismarck, shape the world by his genius, nothing could save the United States from becoming his prey save a preparedness whose extensive and deep foundations we must now lay, if posterity is to have the opportunity of erecting upon them the superstructure of armament which may then become imperative.

For the United States the element of time is all-important. We must at all costs postpone the decision or the trial of strength. Until economic independence is truly ours, we cannot contend with Europe, and nothing but the slow operation of economic forces can create it. By conscious planning and the discreet use of force we may remove artificial obstacles and even somewhat hasten the pace of development. But we cannot accelerate it sufficiently to attain independence and economic equality in the immediate future by an effort less considerable than Germany has made in the last three decades.

Time again we need that propinquity may erase from our present population the memory of a difference of racial origins and of governmental

traditions. We are not now a nation in the sense that France is. We cannot be until the whole population has ceased to think except as Americans, has forgotten to feel an emotional and spiritual sympathy for any flag but the Stars and Stripes. Time, too, we must have, while we are reforming our careless and extravagant administration, developing intensive industry and a skill and economy of operations as great as European nations will have attained half a century hence. To equal them we must develop faster than they, and as they will not stand still, we shall overtake them only in time. While the new Europe is crystallizing and reforming, is recovering from the war, is formulating new policies and ambitions, we shall grow toward that greater preparedness which is administrative, industrial, spiritual. Through preparedness we shall win nationality, freedom, equality.

Our present armies and navies must prepare to fight, not for dominion, not even for safety, but for time — time in which to overtake the Europeans in development, time in which to equal their spiritual unity. Armament alone can protect us against unfair methods to exclude us from the race; it alone can hold open for us opportunities while the greater preparedness is fitting us to utilize them. For ourselves the benefit of armament will be chiefly indirect, in

its reaction upon our social, administrative, and industrial structure. The greater preparedness merely calls on us to solve the problems of American life. It has focused them for us, thrown the more essential into high relief, shaken us out of our complacency and narrowness, dampened our exuberant belief that we are the greatest and richest nation, and, by baring our deficiencies, has helped to create a sense of relative international values. Old words will have new content — liberty, efficiency, loyalty, patriotism, nationality. Material issues and aims are yielding the foreground to the spiritual. Yet neither the armies in Europe nor the ships in the Hudson are working this miracle. It is introspection, thought, reflection. The former furnish merely the occasion for rousing our consciousness from the routine of making money.

The greater preparedness, whose counterfeit presentments armies and navies are, will bring new notions of national coöperation, an approach to equity in industrial and social relationships, a more real equality of men and women, of new citizens and old. A new spiritual consciousness will arise of the splendor of a national entity comprising those long dead, those now alive, and those yet to be born, a realization of the fact that Washington and Lincoln comprehended within their visions of a greater United States not us

alone but our own remote posterity. Thus shall we work for a permanent peace between nations. For peace is no mere negation, neither the absence of war nor the exorcising of hate. Peace is happiness and the positive existence of love between men. It is the presence of contentment, not the absence of suffering. Above all, it is equity in individual, national, and international relations, in political, economic, and social conditions.

Such a greater preparedness for peace we may well undertake in the interests of posterity; the road through preparedness to freedom and nationality we may well tread. Let us not merely hope to live uninjured. Let us do more than pray for peace. Let us do all within our potent might to preserve to our remote posterity that unfettered discretion, that illimitable right to mold the future destinies of the nation in accordance with the exigencies of the moment, upon which the freedom and prosperity of the American people yet to be born depend. Let us raise a standard of which the wise in the distant future will approve and to which the honest for untold generations may repair.

THE END

The Riverside Press
CAMBRIDGE . MASSACHUSETTS
U . S . A